

WORKFORCE DEVELOPMENT

| Budget Summary | | | | | | | |
|----------------|------------------------------|---------------------|------------------------|------------------------|-------------------|---|---------|
| Fund | 2002-03 Base Year Doubled | 2003-05 Governor | 2003-05 Jt. Finance | 2003-05 Legislature | 2003-05 Act 33 | Act 33 Change Over Base Year Doubled | |
| | | | | | | Amount | Percent |
| GPR | \$387,533,000 | \$369,810,200 | \$366,582,100 | \$366,782,100 | \$366,582,100 | - \$20,950,900 | - 5.4% |
| FED | 1,464,505,600 | 1,355,995,600 | 1,366,030,500 | 1,366,030,500 | 1,366,668,100 | - 97,837,500 | - 6.7 |
| PR | 404,681,000 | 390,411,400 | 390,123,000 | 390,323,000 | 394,854,800 | - 9,826,200 | - 2.4 |
| SEG | <u>18,540,600</u> | <u>16,370,200</u> | <u>21,386,700</u> | <u>21,386,700</u> | <u>21,386,700</u> | <u>2,846,100</u> | 15.4 |
| TOTAL | \$2,275,260,200 | \$2,132,587,400 | \$2,144,122,300 | \$2,144,522,300 | \$2,149,491,700 | - \$125,768,500 | - 5.5% |

| FTE Position Summary | | | | | | |
|----------------------|--------------|---------------------|------------------------|------------------------|-------------------|------------------------------------|
| Fund | 2002-03 Base | 2004-05 Governor | 2004-05 Jt. Finance | 2004-05 Legislature | 2004-05 Act 33 | Act 33 Change Over 2002-03 Base |
| GPR | 255.67 | 198.92 | 196.22 | 196.22 | 196.22 | - 59.45 |
| FED | 1,480.01 | 1,362.95 | 1,356.50 | 1,356.50 | 1,361.95 | - 118.06 |
| PR | 637.56 | 603.68 | 599.08 | 599.08 | 603.68 | - 33.88 |
| SEG | <u>7.50</u> | <u>1.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>- 7.50</u> |
| TOTAL | 2,380.74 | 2,166.55 | 2,151.80 | 2,151.80 | 2,161.85 | - 218.89 |

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|---------|----------------------------|-------------|-----------------------------------|-------------|---------------|-------------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR-REV | | | \$66,800 | | \$66,800 | |
| GPR | - \$622,400 | 0.00 | - \$52,600 | 0.00 | - \$675,000 | 0.00 |
| FED | 4,696,400 | - 17.66 | - 158,600 | 0.00 | 4,537,800 | - 17.66 |
| PR | 322,900 | - 0.34 | - 66,800 | 0.00 | 256,100 | - 0.34 |
| SEG | <u>70,200</u> | <u>0.00</u> | <u>0</u> | <u>0.00</u> | <u>70,200</u> | <u>0.00</u> |
| Total | \$4,467,100 | - 18.00 | - \$278,000 | 0.00 | \$4,189,100 | - 18.00 |

Governor: Provide adjustments of \$2,715,300 FED, -0.91 FED position, and \$165,200 PR in 2003-04, and \$1,981,100 FED, -17.66 FED positions, and \$157,700 PR in 2004-05, and -\$311,200 GPR, \$35,100 SEG, and -0.34 PR position annually. Adjustments are for: (a) turnover reduction (-\$330,700 GPR, -\$1,394,600 FED, and -\$862,400 PR annually); (b) removal of noncontinuing funding and positions (-\$39,000 FED, -0.91 FED position, and -\$11,500 PR in 2003-04, -\$753,200 FED, -17.66 FED positions, and -\$15,200 PR in 2004-05, and -\$117,400 GPR and -0.34 PR position annually); (c) full funding of continuing salaries and fringe benefits (\$4,069,600 FED and \$685,000 PR in 2003-04, \$4,049,600 FED and \$681,200 PR in 2004-05, and -\$36,900 GPR and \$35,100 SEG annually); (d) funding of ongoing s. 13.10 supplements (\$137,700 GPR annually); (e) overtime (\$224,500 PR annually); (f) night and weekend differential pay (\$95,500 PR annually); (g) fifth week vacation as cash (\$26,300 GPR, \$79,300 FED, and \$33,400 PR annually); (h) full funding of lease costs and directed moves (\$9,800 GPR and \$700 PR annually); and (i) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments would increase funding by \$2,604,400 and decrease positions by 1.25 in 2003-04, and increase funding by \$1,862,700 and decrease positions by 18.0 in 2004-05. [These funding amounts exclude changes to the Department's two federal appropriations for temporary assistance for needy families (TANF). Standard budget adjustments to the TANF appropriations are reflected in entries under "Economic Support and Child Care."]

Joint Finance/Legislature: Delete funding for fifth week of vacation as cash (-\$26,300 GPR, -\$79,300 FED, and -\$33,400 PR annually). Require the agency to lapse to the general fund annually \$33,400 from those PR accounts from which these fifth week vacation as cash payments had been budgeted. Estimate GPR-REV of \$33,400 annually. Specify, however, that the agency is not required to lapse to the general fund any such PR or SEG amount that is from federal funds or that is from another fund source whose lapse to the general fund would be prohibited by state or federal laws or the state or federal constitution.

[Act 33 Section: 9160(3f)]

2. BASE BUDGET REDUCTIONS [LFB Paper 830]

Governor: Delete \$3,232,400 GPR, 2.48 GPR positions, \$447,400 FED, 165.40 FED positions, \$5,004,300 PR, and 26.94 PR positions in 2003-04, and \$3,018,300 GPR, 2.48 GPR positions, \$447,400 FED, 165.40 FED positions, \$5,214,300 PR, and 26.94 PR positions in 2004-05 to reduce base level funding and positions. The GPR reduction is equal to 13.05% of base level state operations funding in 2002-04 and 12.18% in 2004-05.

| Funding Positions | | |
|-------------------|----------------|----------|
| GPR | - \$6,250,700 | - 2.48 |
| FED | - 894,800 | - 165.40 |
| PR | - 10,218,600 | - 26.94 |
| Total | - \$17,364,100 | - 194.82 |

Joint Finance/Legislature: Reallocate base budget reductions of \$630,000 GPR in 2003-04 and \$507,600 GPR in 2004-05 from the workforce development general program operations appropriation [20.445 (1)(a)] to the economic support general program operations appropriation [20.445 (3)(a)] and reallocate reductions of \$354,600 GPR in 2003-04 and \$292,600 GPR in 2004-05

from the workforce development general program operations appropriation [20.445(1)(a)] to the vocational rehabilitation general program operations appropriation [20.445 (5)(a)].

3. PROGRAM REVENUE REESTIMATES

| | |
|----|---------------|
| PR | - \$2,191,400 |
|----|---------------|

Governor/Legislature: Provide a reduction of \$1,095,700 annually to reflect reestimates of program revenue that will be available for programs administered by the Department. The following table summarizes the components of the reestimate.

| | Reestimate | |
|---|----------------|----------------|
| | <u>2003-04</u> | <u>2004-05</u> |
| 1. Revenue from charges on the net proceeds from the operation of vending machines leased by non-blind operators. Revenue is used to support the supervised business enterprise program. | \$20,000 | \$20,000 |
| 2. Revenue received from county, city, town, or village governmental agencies and nongovernmental agencies for aids relating to vocational rehabilitation services for individuals and organizations. | -1,155,500 | -1,155,500 |
| 3. Revenue received from the charges on net proceeds from the sale of products and services through the supervised business enterprise program. Revenue is used to support the program. | 15,200 | 15,200 |
| 4. Revenue received from other state agencies or from Department programs for administration of vocational rehabilitation programs and projects. | -2,500 | -2,500 |
| 5. Revenue received from other state agencies or from Department programs for vocational rehabilitation aids to individuals and organizations. | <u>27,100</u> | <u>27,100</u> |
| Total (PR) | -\$1,095,700 | -\$1,095,700 |

4. FEDERAL REVENUE REESTIMATES

| | |
|-----|-----------|
| FED | \$453,800 |
|-----|-----------|

Governor/Legislature: Provide a reduction of \$110,600 in 2003-04 and an increase of \$564,400 in 2004-05 to reflect reestimates of federal revenue that will be available for programs administered by the Department. The following table summarizes the components of the reestimate.

| | <u>2003-04</u> | <u>2004-05</u> |
|---|-------------------|-------------------|
| 1. Federal funding received through contracts and used to support activities of the Division of Equal Rights. | \$182,300 | \$182,300 |
| 2. Federal funds for state administration of specific limited-term projects related to vocational rehabilitation services. | -22,500 | -22,500 |
| 3. Federal funds for the costs of purchases of goods and services under the Independent Living and Home-Based Enterprise programs. | 1,600,300 | 1,600,300 |
| 4. Federal funds for specific limited-term projects expended as aids to individuals or organizations. | -1,068,600 | -1,218,600 |
| 5. Federal funds for purchase of goods and services related to vocational rehabilitation programs for individuals or organizations. | 397,900 | 1,222,900 |
| 6. Federal funds for refugee assistance programs. | <u>-1,200,000</u> | <u>-1,200,000</u> |
| Total (FED) | -\$110,600 | \$564,400 |

5. DIVISION OF WORKFORCE SOLUTIONS POSITION REALIGNMENT [LFB Paper 865]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|-------|------------------------------------|------------------|---|------------------|-------------------|------------------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | \$0 | - 54.27 | \$0 | 0.00 | \$0 | - 54.27 |
| FED | 5,070,600 | 86.43 | 0 | 0.00 | 5,070,600 | 86.43 |
| PR | <u>- 2,901,400</u> | <u>- 32.35</u> | <u>6,309,200</u> | <u>0.00</u> | <u>3,407,800</u> | <u>- 32.35</u> |
| Total | \$2,169,200 | - 0.19 | \$6,309,200 | 0.00 | \$8,478,400 | - 0.19 |

Governor: Provide \$2,535,300 FED and 86.43 FED positions, and reduce funding and positions by \$1,450,700 PR and 32.35 PR positions and 54.27 GPR positions annually to realign all positions in the Division of Workforce Solutions to reflect the current organizational structure, programs, and funding sources. The federal funding included in this item is net of any funding provided under the TANF allocation items included under the Economic Support section of the Department of Workforce Development (DWD) summary.

Joint Finance/Legislature: Increase funding in DWD's local agreements appropriation [20.445(1)(gb)] by \$3,200,500 PR in 2003-04 and \$3,108,700 PR in 2004-05 to more accurately reflect the amount of revenues that will be credited to, and expended from, this appropriation.

6. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|----|--|------------------|---|------------------|-------------------|------------------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| PR | -\$499,000 | - 3.00 | \$0 | 1.00 | -\$499,000 | - 2.00 |

Governor: Delete \$249,500 and 3.0 positions annually to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate \$89,100 in 2003-04 and \$118,800 in 2004-05 of remaining base level salary and fringe benefits funding that currently supports 1.0 attorney position to the agency's supplies and services budget to pay for legal services supplied by DOA. The agency's chief counsel position would not be subject to transfer to DOA under the Governor's recommendation. [It should be noted that, in its budget documents, the administration has deleted funding for two of the eliminated positions for the entire year of 2003-04 as part of base budget position reductions.]

Joint Finance/Legislature: Delete the Governor's recommendation to eliminate 1.0 attorney position and to reallocate \$89,100 PR in 2003-04 and \$118,800 PR in 2004-05 in salary and fringe benefit funding to the agency's supplies and services budget. (Annual funding of \$249,500 PR and 2.0 PR attorney positions that are deleted as part of base budget reductions would not be restored.) Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Section: 9101(9x)]

[Act 33 Vetoed Section: 9101(9x)]

7. ADMINISTRATIVE SERVICES -- POSITION FUNDING TRANSFER

| Positions | |
|-----------|-------------|
| FED | - 1.00 |
| PR | <u>1.00</u> |
| Total | 0.00 |

Governor/Legislature: Provide 1.00 PR position and delete 1.0 FED position annually to reflect the transfer of a position from the Unemployment Insurance Division to the Administrative Services Division to place the position in the division where it performs its responsibilities.

Employment, Training, and Vocational Rehabilitation Programs

1. WORKER'S COMPENSATION -- WORKER'S SAFETY ACTIVITIES

| | |
|----|-----------|
| PR | \$433,800 |
|----|-----------|

Governor/Legislature: Provide expenditure authority of \$150,700 annually to reallocate a vacant clerical position to a new safety specialist position and provide additional supplies and services funding to establish a workplace safety program in the Worker's Compensation Division. The new position would administer and coordinate the safety program. The additional funding for the reallocated position is the difference in salary and fringe benefits from the clerical position. The workplace safety program would: (a) identify industry groups and employers that have a high rate of occupational safety and illness-related problems and target these groups to receive help; (b) sponsor and participate in safety seminars and conferences on safety education and demonstrate the cost effectiveness of loss control programs in reducing worker's compensation costs; (c) stimulate involvement by insurance carriers and business support groups to provide loss control assistance to employers; and (d) provide safety education and information that can be published in employer and insurance group newsletters and other media forms. Additional supplies and services funding would be used for: (a) safety website maintenance and upgrades; (b) printing promotional materials; (c) conferences and educational events; (d) general marketing of safety initiatives; and (e) funding speakers.

In addition, annual expenditure authority of \$66,200 would be provided to cover increased costs of a memorandum of understanding (MOU) agreement with the Department of Commerce. DWD entered into the MOU in February, 2002. Under the agreement, Commerce Safety and Buildings staff conduct safety investigations for accidents involving fatalities, amputations, and multiple injuries. Compensation and death benefits can be substantially increased or decreased in these cases if the employer failed to enforce or employees failed to comply with safety rules.

The increased expenditures would be funded through the Worker's Compensation Division operations appropriation, which is funded by an annual administrative assessment on worker's compensation insurance carriers and self-insured employers.

2. WORKER'S COMPENSATION -- COURT REPORTER SERVICES

| | |
|----|-----------|
| PR | \$160,800 |
|----|-----------|

Governor/Legislature: Provide expenditure authority of \$77,900 in 2003-04 and \$82,900 in 2004-05 to fund contracts with private court reporters for worker's compensation hearings at regional sites in the state. The increased expenditures would be funded through the Worker's Compensation Division operations appropriation.

3. WORKER'S COMPENSATION -- RENT/LEASE EXPENSES

| | |
|----|-----------|
| PR | \$253,200 |
|----|-----------|

Governor/Legislature: Provide expenditure authority of \$127,600 in 2003-04 and \$125,600 in 2004-05 for increased rent costs for the Worker's Compensation Division. The increased expenditures would be funded through the Division's operations appropriation.

4. WORKER'S COMPENSATION -- UNINSURED EMPLOYERS FUND APPROPRIATION INCREASE

| | |
|-----|-------------|
| SEG | \$2,000,000 |
|-----|-------------|

Governor/Legislature: Provide \$1,000,000 annually in the uninsured employers fund (UEF) payments appropriation to more closely reflect revenues and expenditures in the appropriation. The uninsured employers fund is used to make worker's compensation benefit payments for valid claims filed by employees who are injured while working for illegally uninsured employers. The UEF is funded through penalties assessed against employers for illegally operating a business without worker's compensation insurance.

5. EMPLOYMENT TRANSIT ASSISTANCE PROGRAM MODIFICATIONS

Governor/Legislature: Delete the following requirements that the state employment transit assistance (Job Ride) program must meet:

- a. All jobs accessed by the program must pay at least \$4.00 per hour.
- b. Fares charged under the program must not exceed \$2.00 per one-way trip.
- c. Employers must pay at least 50% of the cost per one-way trip for their employees who participate in the program.

In addition, appropriations for federal oil overcharge funds and federal employment transit assistance funding for the state employment transit assistance program would be deleted. These appropriations are not currently a source of FED funding for the program.

The employment transit assistance program provides grants to local public bodies and private organizations to operate projects that give low-income families access to jobs. The grants are funded through a combination of federal, state, and local monies. Specifically, DWD is

authorized to administer the employment transit assistance program and can: (a) conduct projects; (b) make and execute contracts with eligible applicants; and (c) make grants to eligible applicants to conduct projects or to match a federal grant awarded to an eligible applicant to conduct a project. A grant may not exceed 80% of the total cost of a project and may only be made to an eligible applicant that provides access to nontemporary employment or to Wisconsin Works (W-2) employment positions. Eligible applicants are public bodies or private organizations. A project must be designed to improve access to jobs, including part-time jobs and W-2 employment positions, located in outlying suburban and sparsely populated and developed areas that are not adequately served by a mass transit system. A project must also be designed to develop innovative transit service methods.

[Act 33 Sections: 491, 501, 802, 851, and 1949]

6. REPEAL TRADE MASTERS PROGRAM

Governor/Legislature: Repeal the trade masters pilot program and related appropriation. The trade masters pilot program recognizes advanced training and post-apprenticeship achievements in three trades, crafts, or businesses, one of which must be in the industrial sector, one in the construction sector, and one in the service sector of the economy. The program was created by 2001 Wisconsin Act 16 (the 2001-03 biennial budget) and one-time funding of \$50,000 PR in tribal gaming revenues was provided in 2001-02.

[Act 33 Sections: 492, 614, and 1858]

7. LABOR AND INDUSTRY REVIEW COMMISSION -- DELETE POSITIONS AND FUNDING

| Funding Positions | | |
|-------------------|-------------|--------|
| FED | - \$255,200 | - 3.00 |

Governor/Legislature: Delete \$127,600 and 3.0 positions annually under the Labor and Industry Review Commission (LIRC). In addition, expenditure authority of \$87,700 FED and 1.0 FED position would be reallocated from LIRC to the Unemployment Insurance Division. The positions were vacated by attrition and remained unfilled because LIRC is able to handle its current unemployment insurance caseload adequately due to improvements in technology and office functions.

8. LABOR AND INDUSTRY REVIEW COMMISSION -- SUPPLIES AND SERVICES FUNDING

| | |
|-----|----------|
| FED | \$14,000 |
|-----|----------|

Governor/Legislature: Provide \$6,400 in 2003-04 and \$7,600 in 2004-05 in supplies and services funding to cover basic expenses for the Labor and Industry Review Commission. Additional funds are available from the federal Equal Employment Opportunity Commission (EEOC) contract.

9. CONSOLIDATE YOUTH EMPLOYMENT PROGRAMS [LFB Paper 835]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|-------|------------------------------------|------------------|---|------------------|--------------------|------------------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| FED | \$0 | 1.00 | \$0 | - 1.00 | \$0 | 0.00 |
| PR | - 982,800 | 0.00 | 0 | - 1.00 | - 982,800 | - 1.00 |
| SEG | <u>- 2,840,600</u> | <u>- 6.50</u> | <u>- 2,770,200</u> | <u>- 1.00</u> | <u>- 5,610,800</u> | <u>- 7.50</u> |
| Total | - \$3,823,400 | - 5.50 | - \$2,770,200 | - 3.00 | - \$6,593,600 | - 8.50 |

Governor: Delete \$2,805,400 SEG, 7.50 SEG positions, \$491,400 PR, and 1.0 PR position annually and eliminate the Wisconsin Conservation Corps (WCC), related appropriations, and the WCC Board and its functions. DWD would be provided \$1,275,900 conservation fund SEG annually in a separate SEG biennial appropriation for grants to community-based nonprofit organizations for youth employment projects. WCC member education vouchers would be funded from this appropriation for up to four years after the effective date of the bill.

DWD would be required to develop guidelines for youth employment projects designed to promote all of the following objectives:

- a. Provide employment for youth 14 to 21 years old in all regions of the state.
- b. Encourage and develop employment life skills, discipline, and cooperation in project participants by providing meaningful work experiences and training and educational opportunities.
- c. Provide project participants with a wage that is not less than the greater of the federal or state minimum wage.
- d. Conserve, develop, enhance, or maintain the natural resources of the state through implementation of projects that have long-term beneficial impact on the environment.
- e. Promote the social well being of children, the elderly, persons with disabilities, and persons with low incomes through implementation of human services projects.

DWD would be authorized to provide grants to community-based non-profit organizations for projects that are designed to meet the first three objectives listed above and one or more of the last two objectives.

DWD would also be provided \$109,200 conservation fund SEG and 1.0 SEG position annually in a separate SEG annual appropriation to administer the youth employment project grant program. The bill specifies that all contracts entered into by the WCC Board, and all administrative rules, orders, and pending matters of the WCC would be transferred to DWD on the effective date of the bill.

Responsibility for administering Operation Fresh Start (OFS) would be transferred from DOA to DWD. DWD would be provided 1.0 PR position annually to administer the program. The position would be funded with monies obtained for OFS projects. In addition, 1.0 FED

position would be provided for administration of youth employment programs. The Secretary of Administration would be required to designate one or more employees of the Department of Commerce, Division of Housing (the Division would be transferred from DOA to Commerce under the bill) to administer youth employment training grants. If either Department was dissatisfied with the Secretary's determination, that Department could submit the matter to the co-chairpersons of the Joint Committee on Finance for consideration by the Committee. The Committee would be authorized to affirm or modify the proposed transfer. Employees transferred from Commerce to DWD by the Secretary of Administration would have the same rights and status as they had at Commerce, and would not have to serve a probationary period.

The WCC was created in 1983 to provide employment to young men and women 18 to 25 years of age through participation in and completion of conservation and natural resource projects. In addition, a major goal of the WCC is to teach young adults basic work habits and job skills, to develop cooperation and discipline through meaningful work experiences, and to provide training and educational opportunities, all of which will improve their chances of securing employment in the private sector. WCC has 20 crews conducting projects throughout the state. Each crew typically consists of four to six corps members and a crew leader.

Projects for WCC crews are developed in association with sponsors, such as governmental agencies, nonprofit organizations, and school districts, and are usually designed to last for one year. Corps members are hired for the duration of the project. Sponsors are responsible for providing transportation for the crew from a designated reporting location to the worksite, for tools, materials, and equipment to complete project activities, for some technical assistance, and for support services for the crew leader. WCC crews perform a variety of conservation and community development projects including timber stand improvement, trail development, planting trees, soil erosion control, and construction of recreational facilities. The source of funding for WCC crews is SEG and PR appropriations. The primary source of SEG funding for crew activities is the forestry account of the conservation fund.

WCC pays wages, statutorily set at the higher of the state or federal minimum wage (currently \$5.15 per hour), and worker's compensation, and provides safety equipment for crew members. The WCC also hires and trains a crew leader who is responsible for discipline and paperwork for all crew members. Crew members who successfully complete six months to one year of service are eligible to receive an education voucher that is worth at least \$1,000, but not more than \$2,800. The education voucher may be used for payment of tuition and required program activity fees at any institution of higher education in the state, including vocational, technical, or other training schools. The corps member has four years after the date of issuance to use the voucher for payment of tuition and fees.

WCC is authorized 7.5 SEG and 1.0 PR positions for administration. The WCC Board is composed of seven members and is responsible for establishing policies, and reviewing and approving projects. The Board members must represent regional, environmental, and agricultural interests and one member must also be a member or employee of a workforce development board.

The Operation Fresh Start (OFS) program is designed to provide at-risk young people with education, employment skills, and career direction leading to economic self-sufficiency. OFS provides funding for housing rehabilitation and construction projects throughout the state. Governmental units and nonprofit organizations conduct local projects. DOA uses existing staff in the Division of Housing to administer OFS projects. Staff is responsible for providing technical support, and for reviewing and approving grant applications and distributing grant monies. There is no ongoing permanent source of funding source for the OFS program. DOA has been able to obtain funding from a number of sources including the federal HOME program, AmeriCorps, oil overcharge monies from the Division of Energy, and federal funds from local workforce development boards.

Joint Finance/Legislature: Modify the Governor's recommendation as follows: (a) delete an additional \$1,385,100 SEG, 1.00 SEG position, 1.00 PR position, and 1.00 FED position annually to eliminate the youth employment grants program, related funding, and positions; (b) provide DWD with a SEG appropriation from which the Department could encumber existing funds to cover outstanding education vouchers; (c) retain Wisconsin Fresh Start in the Division of Housing and fund the program as under current law. (The Division of Housing would be transferred from DOA to Commerce under the bill).

[Act 33 Sections: 90, 116, 417, 503d, 533 thru 543d, 722, 801, 803, 915, 916, 919 thru 922, 1000, 1008, 1675, 1681, 1704, 1731, 1903d thru 1948, 1961, 2411, 2470, 2507, 2776, 2778, 9159(7), and 9459(2z)]

10. ELIMINATE THE WISCONSIN SERVICE CORPS [LFB Paper 836]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|---------|----------------------------|-----------------------------------|-------------|
| GPR-REV | \$0 | \$260,000 | \$260,000 |
| GPR | - \$179,200 | \$0 | - \$179,200 |

Governor: Repeal the Wisconsin Service Corps (WSC) and all related appropriations. The GPR appropriation for member compensation and support would be modified to only provide funding for Service Corps education vouchers. Annual funding of \$89,600 in the appropriation would be deleted. The appropriation would be repealed three years after the effective date of the bill.

The Wisconsin Services Corps was created by 1991 Wisconsin act 39 (the 1991-93 biennial budget) to employ individuals between 18 and 25 years of age to work on projects that address the social, economic, or health needs of the community. The program is managed as part of the Governor's Central City Initiative and is limited to projects and activities in Milwaukee County. The WSC was modeled after the Wisconsin Conservation Corps (WCC).

The WSC was established to: (a) provide employment for young adults; (b) encourage and develop work skills, meaningful work experiences, and training and educational opportunities

for corps members; and (c) address the social, health, and economic needs of Milwaukee County. Corps members are required to work on projects, developed in cooperation with DWD, by state agencies, local units of government or private organizations that operate in Milwaukee County. In order to qualify as an approved project, a project must provide employment opportunities to corps members, consist of community service activities, and be located in Milwaukee County. To be eligible for participating in the WSC, individuals must be unemployed and between the ages of 18 and 25. DWD is directed to attempt to hire at least 50% of corps members from persons who are receiving public assistance or have received it within a year of application for employment. Corps members who are employed for the term of a project, or are otherwise approved, are eligible for an education voucher of \$1,000 to \$1,800. The education voucher may be used for payment of tuition and required program activity fees at any institution of higher education in the state, including vocational, technical, or other training schools. The corps member has three years after the date of issuance to use the voucher. Annual funding of \$89,600 GPR is provided for DWD Service Corps member wages and, in certain cases, other project costs.

Joint Finance/Legislature: Include provision and, in addition, require that the unencumbered year-end balance in the WSC general program revenue member compensation appropriation be lapsed to the general fund as GPR-Earned on July 1, 2003. This would increase GPR-Earned by an estimated \$260,000 in 2003-04.

[Act 33 Sections: 183, 485, 486, 488, 490, 1882 thru 1902, 2364, 9259(2x), and 9459(2)]

11. TRANSFER GOVERNOR'S WORK-BASED LEARNING BOARD FUNCTIONS [LFB Paper 837]

| | <u>Governor</u> <u>(Chg. to Base)</u> | | <u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u> | | <u>Veto</u> <u>(Chg. to Leg)</u> | | <u>Net Change</u> | |
|-------|--|------------------|---|------------------|-------------------------------------|------------------|-------------------|------------------|
| | <u>Funding</u> | <u>Positions</u> | <u>Funding</u> | <u>Positions</u> | <u>Funding</u> | <u>Positions</u> | <u>Funding</u> | <u>Positions</u> |
| GPR | \$0 | 0.00 | -\$3,364,600 | - 2.70 | \$0 | 0.00 | -\$3,364,600 | - 2.70 |
| FED | - 47,000 | 1.00 | - 637,600 | - 5.45 | 637,600 | 5.45 | - 47,000 | 1.00 |
| PR | - 106,000 | - 1.00 | - 5,931,800 | - 4.60 | 4,731,800 | 4.60 | - 1,306,000 | - 1.00 |
| Total | -\$153,000 | 0.00 | -\$9,934,000 | - 12.75 | \$5,369,400 | 10.05 | -\$4,717,600 | - 2.70 |

Governor: Eliminate the Governor's Work-Based Learning Board (GWBLB) and transfer its functions to the Division of Workforce Solutions (DWS) in DWD. The Department, in conjunction with the Governor's Work-Based Learning Council (GWBLC), would administer the programs transferred from the Board, including the youth apprenticeship/local youth apprenticeship, school-to-work for at-risk youth, work-based learning grants to tribal colleges, and Title II Carl Perkins Tech Prep funding programs. Title II Carl Perkins Tech Prep funding would be reduced by \$53,000 PR and 1.0 PR position annually. The annual funding and position transfers to DWS are shown in the following table:

| | <u>Funding</u> | <u>Positions</u> |
|---|------------------|------------------|
| <u>GPR</u> | | |
| Local Youth Apprenticeship Grants | \$2,203,000 | 0.00 |
| School-to-Work for At-Risk Youth | 285,000 | 0.00 |
| General Program Operations | <u>659,300</u> | <u>5.70</u> |
| Subtotal | \$3,147,300 | 5.70 |
| <u>PR</u> | | |
| Carl Perkins, Title II Tech-Prep | \$2,236,200 | 2.40 |
| Work-Based Learning Grants to Tribal Colleges | 600,000 | 0.00 |
| Inter and Intra-agency Agreements | 111,700 | 2.20 |
| Auxiliary Services | <u>18,000</u> | <u>0.00</u> |
| Subtotal | \$2,965,900 | 4.60 |
| <u>FED</u> | | |
| Workforce Investment and Assistance | <u>\$318,800</u> | <u>5.45</u> |
| Total | \$6,432,000 | 15.75 |

A technical appropriation adjustment of -\$50,700 FED and 0.25 FED position in 2003-04 and \$3,700 FED and 1.0 FED position in 2004-05 would be made to offset changes made to base level funding for the GWBLB in standard budget adjustments. In addition, obsolete statutory provisions related to the distribution of Carl Perkins, Title II, tech-prep funding would be repealed

The current GWBLB and executive director would be eliminated and reconstituted as the Governor's Work-Based Learning Council (GWBLC) with an unclassified executive director position. The Council would be required to oversee the planning, coordination, administration, and implementation of the youth apprenticeship, school-to-work, and work-based learning programs and any other employment and education programs that the Governor assigned to DWD by executive order. As under current law for the GWBLB, the Governor would be chairperson of the new Council. In providing oversight, the Council would be required to do all of the following:

- a. Identify the employment and education needs of the state and recommend to the Governor goals for meeting those needs and steps to meet those goals.
- b. Review the provision of services and the allocation of funding and resources under the school-to-work, youth apprenticeship, and work-based learning programs transferred to DWS and recommend to the Governor a strategic plan for coordinating the provision of those services and for allocating that funding and those resources, consistent with the laws, rules, and regulations governing those programs, so as to best respond to employment and education needs identified by the Council.
- c. Monitor the provision of services and the expenditure of funding resources under the programs transferred to DWS and evaluate the effectiveness of those programs in meeting the employment and educational needs of the participants in those programs.

d. Determine whether any federal laws, regulations, or policies impede the effectiveness or coordination of any of the programs transferred to DWS, and if so, recommend that the Department seek waivers of those laws, regulations, or policies.

e. Recommend for approval by DWD occupations for the youth apprenticeship program and statewide skills standards for school-to-work programs.

f. Review and recommend for approval by the Department a school-to-work program for children at risk that is provided by a nonprofit organization.

g. Provide uniform performance standards that assist in evaluating the effectiveness of the school-to-work, youth apprenticeship, and work-based learning employment and education programs transferred to DWS.

h. Annually, prepare and submit to the Legislature and Governor a report on Council activities that includes recommendations regarding the programs transferred to DWS.

The executive director of the Council would assist it in performing its duties and assist the Department in administering the school-to-work, youth apprenticeship, and work-based learning programs transferred to DWS.

DWS would administer the transferred programs. It would be required to review the recommendations of the Council before approving occupations for the youth apprenticeship program and the school-to-work program for at-risk youth.

All contracts, rules and orders, and pending matters of the GWBLB would be transferred to DWS on the effective date of the bill. Unencumbered balances in deleted appropriations would be transferred to the appropriate appropriations under DWS.

Under current law, the GWBLB plans, coordinates, administers, and implements youth apprenticeship, school-to-work, and work-based learning programs plus any programs assigned to the Board by executive order of the Governor. The GWBLB consists of 17 members including the Governor, State Superintendent of Public Instruction, president of the Wisconsin Technical College System (WTCS) Board, director of the technical college system, Secretary of DWD, and administrator of DWS, and public representatives of business and industry, labor, and secondary vocational education and work-based learning. The Speaker of the Assembly and Senate Majority Leader can each appoint two public members. The GWBLB is authorized 16.75 positions, including an executive director.

Joint Finance/Legislature: Delete provision. Instead make the following changes:

a. Eliminate the Governor's Work-Based Learning Board, executive director position, and related responsibilities.

b. Transfer the youth apprenticeship and youth apprenticeship training grant programs to DWD for administration. A total of \$1,100,000 GPR would be provided annually for youth apprenticeship training grants. (This would be an annual reduction to base level

funding of \$1,103,000 GPR.) In order to receive a grant, the local partnership would be required to meet the following requirements: (1) limit the cost per student to a maximum of \$900 per youth apprentice (total grant divided by the number of students to be served); (2) provide matching funds equal to 50% of the grant amount; (3) at least 80% of two-year program participants must receive a high school diploma upon completion of the youth apprenticeship program; and (4) at least 60% of youth apprentices must be offered full-time employment by their employers upon completion of the program. In addition, \$365,000 GPR and 3.0 GPR positions would be annually provided to administer the program. (This would be a reduction of \$294,300 GPR and 2.7 GPR positions annually.)

c. Transfer all remaining funding, programs, and staff, including Carl Perkins, Title II tech prep funds, work-based learning grants to tribal colleges, and school-to-work for at-risk youth programs to the Wisconsin Technical College System (WTCS) Board for administration. Annual funding for work-based learning grants to tribal colleges would be reduced by 50% to \$300,000 PR in tribal gaming revenues. Finally, specify that incumbent employees related to the transfer of the GWBLB from DWD to the WTCS Board would retain their state employment rights at DWD if funding related to the position is not available for transfer to WTCS.

This would transfer a total of \$285,000 GPR, \$2,665,900 PR, 4.60 PR positions, \$318,800 FED, and 5.45 FED positions annually to WTCS.

Veto by Governor [A-27]: Modify provisions as follows: (a) the GWBLB and executive director would be restored; (b) authority for the WTCS Board to administer the technical preparation program would be deleted; (c) the GWBLB program revenue continuing appropriations for Carl Perkins tech prep funds, intra- and interagency programs, and auxiliary services, and the federal funds continuing appropriation would be restored; (d) the transfer of 4.6 PR and 5.45 FED positions would be deleted so that the position authority would be retained by the GWBLB; (e) DWD authority to administer the youth apprenticeship and youth apprenticeship training grant programs would be deleted and restored with the GWBLB; and (f) the eligibility requirement for youth apprenticeship training grants that youths completing the program be offered full-time employment would be deleted to allow employers to offer part-time employment. (Note that certain statutory sections that would authorize DWD to administer the youth apprenticeship programs were not vetoed.) In his veto message, the Governor indicates that, although he restored responsibility for administering the youth apprenticeship and youth apprenticeship training grant programs with the GWBLB, he could not transfer the appropriations to the GWBLB through a veto. Similarly, he could not veto the transfer to the WTCS Board of the programs for work-based learning grants to tribal colleges and school-to-work for at-risk youth without eliminating the program funding. He is requesting that the GWBLB and DWD provide whatever assistance may be needed by the WTCS Board to administer these programs.

[Act 33 Sections: 293v, 545, 546, 547d, 551e, 615c, 946d, 946e, 946f, 946j, 946k, 946m, 1865d, 1868d thru 1871, 1872g, 1872h, 1876t, 2020, and 9159(6x)]

[Act 33 Vetoed Sections: 81, 117d, 286 (as it relates to 20.292 (1)(ga)&(kx) and

20.445(1)(em)), 544, 548, 549d, 550d, 552d, 553, 725d, 946d, 946e, 946f, 946g, 946j, 1862d, 1863d, 1865d, 1866d, 1867d, 1867t, 1869d, 1870d, 1871, 1872, 1872h, 1873, 1874, 1875, 1876, 1878, 2405d, 9149(1x), 9159(6x), and 9259(3)]

12. TRANSFER OF STATE EMPLOYEE COMPLAINT INVESTIGATION FUNCTIONS FROM THE PERSONNEL COMMISSION [LFB Paper 585]

Governor/Legislature: Eliminate the Personnel Commission and transfer its state employee complaint investigation functions to DWD's Division of Equal Rights, as follows: (a) enforcement of various state employee "whistleblower" statutes, including those statutes protecting employees from retaliation based on reporting patient abuse, elder abuse, public employee occupational health and safety violations, and possible abuse of authority, mismanagement, and waste of public funds by certain state agency personnel; (b) processing of state agency employment discrimination allegations; (c) processing of state agency unfair honesty testing allegations; (d) processing of state agency unfair genetic testing allegations; (e) processing of state agency fair employment act retaliation allegations; (f) processing of state employee family and medical leave violation allegations; and (g) processing of state employee reemployment and benefit eligibility rights violation allegations for returning National Guard, state defense force or public health emergency service personnel.

Specify that on the effective date of the bill, the assets and liabilities, tangible personal property, and contracts of the Personnel Commission, as determined by the Secretary of DOA, related to each of the above areas of jurisdiction would be transferred to DWD. Specify that the pending matters, rules, and orders of the Personnel Commission related to each of the above areas of jurisdiction would become the pending matters, rules, and orders of DWD on the effective date of the bill.

Under current law, the Division of Equal Rights is charged with enforcing statutes related to nonstate employee complaints: (a) under "whistleblower" statutes related to aging and long-term care issues, care and treatment facilities issues, caregivers reporting elder abuse, public employee occupational health and safety, and state health care worker reporting; (b) regarding employment discrimination; (c) regarding unfair honesty testing; (d) regarding unfair genetic testing; (e) regarding fair employment act retaliation; (f) regarding family and medical leave issues; and (g) regarding reemployment rights after National Guard, state defense force, or public health emergency service processing.

[Act 33 Sections: 77, 138, 144 thru 146, 647, 727, 745 thru 749, 1176 thru 1178, 1473 thru 1475, 1835 thru 1837, 1855, 1962, 1963, 2064 thru 2066, 2373, 2387, 2388, 2418, 2419, 2421 thru 2422g, 2423 thru 2427, 2428 thru 2440, and 9139(1)]

**13. VOCATIONAL REHABILITATION -- TRANSFER
INJURED STATE WORKER PROGRAM TO DOA**

| Funding Positions | | |
|-------------------|-------------|--------|
| PR | - \$100,600 | - 1.00 |

Governor/Legislature: Transfer responsibility for operating the injured state worker program from the Division of Vocational Rehabilitation (DVR) in DWD to the Department of Administration (DOA) and delete \$50,300 and 1.0 position annually from DWD to reflect the transfer. A nonstatutory provision would require the transfer, from DVR to DOA, of the incumbent employee having responsibility for rehabilitation of injured state employees. The employee that would be transferred would have the same rights and status as he or she had at DVR, and would not have to serve a probationary period. DOA would not be provided additional position authority, but would have to reallocate an existing position to complete the transfer.

DVR operates the injured state worker program under contract with DOA. Currently, a reemployment specialist is assigned to DOA's risk management program and is funded under an interchange agreement with DOA. The specialist acts under the worker's compensation law to assist state workers in returning to appropriate employment as soon as possible after injury or illness. The specialist also assists agencies in developing their own return-to-work programs.

[Act 33 Sections: 9101(7) and 9159(8)]

**14. VOCATIONAL REHABILITATION -- TECHNICAL
POSITION ADJUSTMENT**

| Funding Positions | | |
|-------------------|------------|--------|
| PR | - \$41,400 | - 0.50 |

Governor/Legislature: Delete expenditure authority of \$20,700 and 0.50 position annually. The 0.50 position was developed to staff the Human Resource Investment Council. The Council is no longer active and funding to support the position is not available.

**15. VOCATIONAL REHABILITATION -- CONSOLIDATE CASE SERVICE AND
OPERATIONS FUNDING**

Governor/Legislature: Consolidate state GPR funds for vocational rehabilitation services and operations into a single GPR appropriation. The consolidated appropriation would be an annual appropriation. However, DWD could transfer funds between fiscal years. Funds appropriated for a fiscal year that were transferred to the next fiscal year but were not spent or encumbered by September 30 of the next fiscal year would lapse to the general fund on October 1. The FED appropriations for federal operations and vocational rehabilitation case service funding would also be consolidated into a single appropriation. The appropriation language for the consolidated FED appropriation would specify that DWD would be required to annually transfer \$300,000 from this appropriation to the Department of Health and Family Services to provide funding for independent living center grants.

Under current law, DWD's Division of Vocational Rehabilitation is required to advise and assist any disabled individual who applies to DVR for vocational rehabilitation services. The primary source of funds for vocational rehabilitation services and related operations is federal Title I-B funds. Each year, the federal government allocates a certain amount of these funds to each state. A match of 21.3% of state funds to 78.7% federal funds is required to receive federal monies. State GPR matching funds for vocational rehabilitation services and operations are provided through two separate GPR appropriations. The GPR case service appropriation contains a provision that allows an additional three months after the end of the state fiscal year to encumber funds to correspond with the federal government's fiscal year. Federal matching funds for vocational rehabilitation services and operations are provided through two separate FED appropriations. DWD is required to transfer up to \$300,000 annually in federal case services funding to DHFS for independent living center grants.

[Act 33 Sections: 476, 527, 528, 531, 532, 1184, and 1187]

16. VOCATIONAL REHABILITATION -- DELETE UNUSED APPROPRIATION

Governor/Legislature: Delete the program revenue appropriation for rehabilitation teaching aids under DVR for funds to be transferred to the Department of Health and Family Services. The corresponding appropriation under DHFS would also be deleted. Charges on the net proceeds from the operation of vending machines under DVR's supervised business enterprise program for the blind and visually impaired are placed in the DVR program revenue appropriation. These funds are then transferred to an appropriation under DHFS to be used to fund a teaching program for the blind or visually impaired. Both appropriations are currently unused.

[Act 33 Sections: 477, 529, 530, 1185, and 1186]

17. REPEAL APPROPRIATION FOR ADJUDICATION OF MINING DAMAGES CLAIMS

Governor/Legislature: Delete the appropriation for adjudication of mining damage claims and specify the appropriation under the Department of Commerce from which such claims are to be paid. This function was transferred to Commerce in the 1995-97 biennial budget and claims are currently paid by Commerce. The repealed appropriation is not needed under DWD.

[Act 33 Sections: 526, 1952, and 1953]

18. FEDERAL FUNDING OF APPRENTICESHIP PROGRAMS

Governor/Legislature: Create a continuing FED appropriation for federal Reed Act monies to fund administration of the Department's apprenticeship programs. No monies could be expended from the appropriation unless the treasurer of the unemployment reserve fund

determined that such expenditures were necessary to fund apprenticeship programs. The treasurer of the unemployment reserve fund would be required to transfer to the appropriation that funds administration of the Unemployment Insurance (UI) Division any unencumbered balance in the new appropriation that was not needed or available to fund apprenticeship programs. The source of funds for the appropriation would be a grant of Reed Act funds received in the Spring of 2002.

DWD, through the Bureau of Apprenticeship Standards, has the primary responsibility for monitoring apprenticeship programs in Wisconsin. Through a cooperative agreement between the federal government and the state, the Bureau of Apprenticeship and Training of the U. S. Department of Labor has a staff member who works with state Bureau staff to administer the apprenticeship system in the state. A basic part of the Wisconsin apprenticeship system is the contract between the employer and each apprentice that must be approved by the state Bureau of Apprenticeship Standards. The Bureau is responsible for ensuring that all provisions of the contract are lived up to.

Federal Reed Act funds are excess federal unemployment taxes from accounts in the federal unemployment trust fund that are transferred to the states when the balances in the accounts exceed statutory limits. The transfers require special legislation and federal approval for each allocation.

[Act 33 Sections: 499 and 1957 thru 1959]

19. DIVISION OF WORKFORCE SOLUTIONS -- TECHNICAL POSITION ADJUSTMENT

| | Funding | Positions |
|-----|----------------|------------------|
| FED | \$85,400 | 1.00 |

Governor/Legislature: Provide \$42,700 and 1.00 position annually to adjust the base level position authority for the Division of Workforce Solutions to recognize a position that was approved by the Department of Administration in May, 2002, but was not included in the Department's adjusted base budget.

20. UNEMPLOYMENT INSURANCE -- POSITION REALIGNMENT

| | Funding | Positions |
|-------|----------------|------------------|
| FED | \$196,600 | 0.75 |
| PR | - 196,600 | - 0.75 |
| Total | \$0 | 0.00 |

Governor/Legislature: Delete \$98,300 PR and 0.75 PR position and provide \$98,300 FED and 0.75 FED position annually to convert the funding source for the position from PR to FED to reflect a change in activities. In prior years, the Department of Commerce had entered into agreements with the Bureau of Legal Affairs in DWD's Unemployment Insurance Division for administrative law judges to hear and issue decisions for the Petroleum Environmental Cleanup Fund Award (PECFA) program. Commerce had reimbursed DWD for its expenditures for the 0.75 position, but has not renewed the agreement. Under the bill, the 0.75 position would be converted to FED funding and used to address increased workload and meet federal timelines for processing appeals of unemployment insurance benefits cases.

21. UNEMPLOYMENT INSURANCE -- TECHNICAL CORRECTION

| Positions | |
|-----------|--------|
| FED | - 1.00 |

Governor/Legislature: Delete 1.0 position annually to correct a technical error created in the Department's budget in 2001 Act 16. As part of a realignment of administrative positions, a position and related funding was transferred between appropriations under the Unemployment Insurance Division. However, the transferred position was not deleted from the original appropriation. This provision would correct the error.

22. CONSOLIDATION AND REALIGNMENT OF FEDERAL FUNDS APPROPRIATIONS

Governor/Legislature: Delete three existing FED appropriations and consolidate their functions into two existing FED appropriations under Workforce Development. The two existing consolidated FED appropriations would be designated for federal funds received by the Divisions of Unemployment Insurance and Workforce Solutions. In addition, two separate FED appropriations would be created for federal funding received by the Divisions of Equal Rights and Worker's Compensation. Technical statutory modifications would be made to update or eliminate obsolete references and to conform the modified appropriation language to program statutes. The unencumbered balances in appropriations that were deleted would be transferred to the appropriate existing appropriations.

[Act 33 Sections: 494 thru 498, 500, 502, 1859 thru 1861, 1879 thru 1881, 9159(5), and 9259(3x)]

23. COMPULSIVE GAMBLING GRANTS

| | Legislature (Chg. to Base) | Veto (Chg. to Leg) | Net Change |
|----|-------------------------------|-----------------------|------------|
| PR | \$200,000 | - \$200,000 | \$0 |

Senate/Legislature: Provide \$100,000 annually to DWD from tribal gaming revenue to fund grants, as follows: (a) \$50,000 annually to organizations that assist persons of Southeast Asian origin with compulsive gambling issues; and (b) \$50,000 annually to organizations that assist persons who are African-American with compulsive gambling issues.

Veto by Governor [A-29]: Delete provision.

[Act 33 Vetoed sections: 286 (as it relates to 20.445(1)(kv)), 492g, 614g, and 1857m]

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES

Governor: Table 1 shows the Wisconsin Works (W-2) and temporary assistance for needy families (TANF) related revenue estimates and expenditures recommended by the Governor. These items are addressed in detail in the entries that follow according to the number listed in the right-hand column of the table.

Revenues Available for W-2 and TANF Related Programs

As shown, the administration estimates total revenues for W-2 and TANF related programs at \$672,470,800 in 2003-04 and \$628,534,400 in 2004-05. Compared to base year funding, these numbers represent a decrease in ongoing revenue (excludes TANF carryover funding from the prior year) of \$12,947,400 in 2003-04 and \$13,947,400 in 2004-05. Overall, the amount of state and federal funding available for TANF programs would decline from the base due to a decrease in estimated funding received under the TANF and child care block grants, and estimated revenues from child support and welfare fraud and error reduction activities.

State funding would include \$163,312,000 annually (\$154,199,400 GPR and \$9,112,600 PR). These numbers reflect a decrease to base year funding of \$4,791,000 annually (-\$4,456,700 GPR and -\$334,300 PR). The program revenues include job access loan repayments, collections from welfare fraud and error reduction activities, and funds transferred from DHFS to DWD for administration of the federal food stamp employment and training (FSET) program.

The \$4,456,700 GPR and \$334,300 PR reductions reflect the following: (a) a \$4,550,200 annual decrease in GPR to reflect the transfer of funding to DHFS for funerals and burial expenses for people receiving public assistance; (b) a \$55,900 increase in GPR to adjust for the amount of DWD general program operations GPR allocated to TANF programs; (c) a \$37,600 increase in GPR to reflect restoration of a one-time decrease in GPR under 2001 Act 109; and (d) a decrease of \$334,300 PR to reflect a reestimate of revenues collected from welfare fraud and error reduction activities.

Funding also includes \$26,588,200 in 2003-04 and \$25,588,200 in 2004-05 from child support collections that are assigned to the state by public assistance recipients. These estimates represent a reduction of \$910,300 in 2003-04 and \$1,910,300 in 2004-05.

Federal funding is estimated at \$399,592,200 annually, which includes monies from the TANF block grant (\$315,776,800) and the child care development block grant (\$83,815,400). These amounts represent an annual reduction of \$7,246,100, which reflects: (a) an estimated decrease in the TANF block grant of \$864,000 annually in anticipation of the Oneida tribe operating its own TANF program beginning in May, 2003; and (b) an estimated decrease in the child care block grant of \$6,382,100 annually. The base revenues under the child care block

grant are artificially high, because the state was able to access some additional matching in 2002-03 funds which will no longer be available in 2003-05.

It should be noted that, under federal law, authorization for the TANF program expired on September 30, 2002. Congress has passed a continuing resolution extending the program through June 30, 2003. At that time, legislation will be needed to either continue or reauthorize the program. The Governor's recommendations assume that the program will continue at the same funding levels provided under the current federal program.

Expenditures for W-2 and TANF Related Programs

Under the Governor's recommendations, overall expenditures for W-2 related programs would be \$632,428,800 in 2003-04 and \$628,389,800 in 2004-05. These amounts include all funds, and represent a decrease from the base budget of \$57,919,700 in 2003-04 and \$61,958,700 in 2004-05. According to the Executive Budget in Brief document, the decreases reflect an effort to bring the TANF program, with an estimated annual structural deficit of \$95 million, into balance; while providing sufficient benefit funding to reflect increases in W-2 cash payment caseloads and expanding the caretaker of newborn infant grants, and retaining funding for programs that support low-income families. Expenditures include: W-2 cash grants, wages, and stipends; W-2 agency contract allocations for administrative costs and services; child care; financial benefits for the kinship care program, the caretaker supplement, emergency assistance and other programs; child support payments; state administration and other ongoing services; and expenditures for programs outside of DWD. TANF funding for programs, such as transportation projects, legal services, literacy programs, aid to Milwaukee Public Schools, DHFS adolescent, nutrition, and immunization services, the Adolescent Pregnancy Prevention and Pregnancy Services (APPPS) Board, and the Badger Challenge program would be eliminated.

Federal law allows the state to carry forward unexpended TANF funding without fiscal year limitation. However, the use of such carried-over funds is limited to items defined as "assistance" under federal regulations. As shown in the table, under the Governor's proposal, \$144,600 would remain unallocated at the end of the 2004-05 fiscal year, and would be carried forward to the next biennium.

TABLE 1

W-2 and TANF Related Revenues and Expenditures Under the Governor's Budget Bill

| | <u>2003-04</u> | <u>2004-05</u> | <u>Change to Base</u> | | <u>Item #</u> |
|---|----------------|----------------|-----------------------|----------------|---------------|
| Revenues | | | | | |
| State General Purpose Revenue | \$154,199,400 | \$154,199,400 | -\$4,456,700 | -\$4,456,700 | 15, 34 |
| Program Revenue in DWD | 1,000,000 | 1,000,000 | -334,300 | -334,300 | 34 |
| TANF Block Grant | 315,776,800 | 315,776,800 | -864,000 | -864,000 | |
| Child Care Block Grant | 83,815,400 | 83,815,400 | -6,382,100 | -6,382,100 | |
| FSET Funds | 8,112,600 | 8,112,600 | 0 | 0 | |
| Child Support Collections | 26,588,200 | 25,588,200 | -910,300 | -1,910,300 | 34 |
| TANF Carryover from Prior Year | 82,978,400 | 40,042,000 | -72,387,300 | -115,323,700 | |
| Total Available | \$672,470,800 | \$628,534,400 | -\$85,334,700 | -\$129,271,100 | |
| Expenditures | | | | | |
| W-2 Agency Contract Allocations | | | | | |
| Services and Administration | \$77,886,300 | \$77,886,300 | -\$21,335,300 | -\$21,335,300 | 2 |
| Subsidized Employment Benefits* | 71,427,500 | 78,410,800 | 22,117,900 | 29,101,200 | 3, 8 |
| Local Agency Performance Bonuses | 0 | 0 | 0 | 0 | 5 |
| Community Reinvestment-W-2 Agencies | 0 | 0 | -5,539,700 | -5,539,700 | 6 |
| Child Care | | | | | |
| Direct Child Care Subsidies | \$293,634,300 | \$291,385,000 | -\$11,915,700 | -\$14,165,000 | 7, 8 |
| Programs to Improve Child Care Quality and Availability | 6,859,400 | 6,926,700 | -8,598,600 | -8,531,300 | 9 |
| Local Pass-Through Program | 4,395,500 | 4,395,500 | -12,857,700 | -12,857,700 | 10 |
| Other Benefits | | | | | |
| Kinship Care | \$24,155,700 | \$24,155,700 | -\$696,900 | -\$696,900 | 11 |
| Caretaker Supplement for Children of SSI Recipients | 20,883,700 | 19,969,800 | 1,087,700 | 173,800 | 12 |
| Emergency Assistance | 4,500,000 | 4,500,000 | 1,200,000 | 1,200,000 | 13 |
| Job Access Loans | 200,000 | 200,000 | -400,000 | -400,000 | 14 |
| Funerals/Burials for Public Assistance Recipients | 0 | 0 | -4,550,200 | -4,550,200 | 15 |
| Child Support Related to W-2 | | | | | |
| Child Support Payments | \$17,777,100 | \$17,397,100 | -\$905,000 | -\$1,285,000 | 16 |
| Children First | 1,140,000 | 1,140,000 | 0 | 0 | |
| Administrative Support | | | | | |
| State Administration | \$18,552,100 | \$18,552,100 | -\$6,141,100 | -\$6,141,100 | 17 |
| Budget Efficiency Measures | -64,700 | -64,700 | -64,700 | -64,700 | 35 |
| Other Support Services | | | | | |
| Transportation | \$0 | \$0 | -\$900,000 | -\$900,000 | 18 |
| Legal Services | 0 | 0 | -100,000 | -100,000 | 19 |
| English for Southeast Asian Children | 100,000 | 100,000 | 0 | 0 | |
| Grant Programs | | | | | |
| Workforce Attachment and Advancement | \$2,000,000 | \$2,000,000 | -\$5,842,200 | -\$5,842,200 | 20 |
| Early Childhood Excellence | 2,500,000 | 2,500,000 | -250,000 | -250,000 | 21 |
| Grants to Boys and Girls Clubs of America** | 300,000 | 300,000 | 0 | 0 | 22 |
| Literacy-DWD | 0 | 0 | -750,000 | -750,000 | 23 |

| | Change to Base | | | | |
|--|------------------|------------------|------------------|------------------|---------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2004-05</u> | <u>Item #</u> |
| Expenditures in Other Programs | | | | | |
| Earned Income Tax Credit | \$57,892,000 | \$50,300,000 | \$2,732,000 | -\$4,860,000 | 24 |
| Head Start | 3,500,000 | 3,500,000 | -212,500 | -212,500 | 25 |
| Aid to Milwaukee Public Schools | 0 | 0 | -1,410,000 | -1,410,000 | 26 |
| SSBG Transfer to DHFS/Community Aids | 13,420,500 | 13,420,500 | -73,500 | -73,500 | 27 |
| Adolescent Services/Pregnancy Prevention | 0 | 0 | -1,816,500 | -1,816,500 | 28 |
| Badger Challenge | 0 | 0 | -93,400 | -93,400 | 29 |
| Literacy-Governor's Office | 0 | 0 | -50,000 | -50,000 | 23 |
| Nutrition Services | 0 | 0 | -1,000,000 | -1,000,000 | 30 |
| Immunization | 0 | 0 | -1,000,000 | -1,000,000 | 31 |
| Domestic Violence | 750,000 | 750,000 | -250,000 | -250,000 | 32 |
| Child Abuse and Neglect Prevention Board | 340,000 | 340,000 | 0 | 0 | |
| Child Welfare Safety Services | 7,094,100 | 7,094,100 | 0 | 0 | |
| Child Welfare Prevention Services | 1,489,600 | 1,489,600 | 0 | 0 | |
| Milwaukee Child Welfare - WISACWIS | <u>1,695,700</u> | <u>1,741,300</u> | <u>1,695,700</u> | <u>1,741,300</u> | 33 |
| Total Expenditures | \$632,428,800 | \$628,389,800 | -\$57,919,700 | -\$61,958,700 | |
| Ending Balance | \$40,042,000 | \$144,600 | | | |

* Some portion of the funding for subsidized employment benefits would be retained by DWD to reimburse employers for costs under the transitional subsidized private sector job program created under the bill, and therefore, would not be part of the W-2 agency contract allocations.

**Under the bill, the community youth grants program would be replaced with grants to Boys and Girls Clubs of America.

Joint Finance: Table 2 shows the W-2 and TANF related revenue estimates and expenditures adopted by the Joint Committee on Finance.

As shown, total revenues for W-2 and TANF related programs are estimated at \$684,581,500 in 2003-04 and \$648,250,200 in 2004-05. Compared to the Governor's proposal, these numbers represent an increase of \$12,110,700 in 2003-04 and \$19,715,800 in 2004-05. The increase in revenues is due to: (a) an increase in the balance that will be carried into the 2003-05 biennium based on reestimated revenues and expenditures for fiscal year 2002-03; (b) a shift in funding for the Brighter Futures and tribal adolescent programs from GPR to TANF, which would free up \$1,367,100 GPR that would be transferred from DHFS to DWD to be used as matching funds under DWD for the child care and development block grant program; (c) a reestimate of federal revenues available under the child care and development block grant; and (d) use of segregated public utility benefits funding to support W-2 programs in 2004-05.

Overall expenditures for W-2 and TANF related programs would be \$634,818,300 in 2003-04 and \$648,162,500 in 2004-05. These amounts include all funds and represent an increase to the Governor's bill of \$2,389,500 in 2003-04 and \$19,772,700 in 2004-05. The overall increase results from several modifications to the Governor's proposal which are described below in separate entries.

There would be an estimated balance in TANF funding of \$87,700 on June 30, 2005, under the Joint Finance proposal.

Senate/Legislature: Include one change which would affect Table 2. Provide \$100,000 GPR annually to fund grants to an organization that provides summer and after-school programs for children and families of Southeast Asian origin (Item #41). TANF revenues would total \$684,681,500 in 2003-04 and \$648,350,200 in 2004-05. TANF expenditures would total \$634,918,300 in 2003-04 and \$648,262,500 in 2004-05. There would be no change to the projected TANF balance of \$87,700 on June 30, 2005, under the Joint Finance proposal.

Veto by Governor [A-29]: Delete the provision included by the Senate and adopted by the Legislature that would have provided \$100,000 GPR annually to fund grants to an organization that provides summer and after-school programs for children and families of Southeast Asian origin. As a result, revenues and expenditures for W-2 and TANF-related programs under Act 33 are the same as those under the Joint Committee on Finance action as shown in Table 2. The projected TANF balance on June 30, 2005, would be \$87,700.

TABLE 2

W-2 and TANF Related Revenues and Expenditures Under Joint Finance and Act 33

| | <u>Joint Finance/Act 33</u> | | <u>Change to Governor</u> | | <u>Item #</u> |
|---|-----------------------------|-------------------|---------------------------|------------------|---------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2004-05</u> | |
| Revenues | | | | | |
| State General Purpose Revenue | \$155,566,500 | \$155,566,500 | \$1,367,100 | \$1,367,100 | 15, 28, 34 |
| Program Revenue in DWD | 1,000,000 | 1,000,000 | 0 | 0 | 34 |
| TANF Block Grant | 315,776,800 | 315,776,800 | 0 | 0 | |
| Child Care Block Grant | 83,210,900 | 83,210,900 | -604,500 | -604,500 | |
| FSET | 8,112,600 | 8,112,600 | 0 | 0 | |
| Public Benefits Funding | 0 | 9,232,000 | 0 | 9,232,000 | 24 |
| Child Support Collections | 26,588,200 | 25,588,200 | 0 | 0 | 34 |
| TANF Carryover from Prior Year | <u>94,326,500</u> | <u>49,763,200</u> | <u>11,348,100</u> | <u>9,721,200</u> | |
| Total Available | \$684,581,500 | \$648,250,200 | \$12,110,700 | \$19,715,800 | |
| Expenditures | | | | | |
| W-2 Agency Contract Allocations | | | | | |
| Services and Administration | \$76,772,300 | \$76,772,300 | -\$1,114,000 | -\$1,114,000 | 2 |
| Subsidized Employment Benefits | 66,439,400 | 66,439,400 | -4,988,100 | -11,971,400 | 3, 8 |
| Local Agency Performance Bonuses | 0 | 0 | 0 | 0 | 5 |
| Community Reinvestment-W-2 Agencies | 0 | 0 | 0 | 0 | 6 |
| Child Care | | | | | |
| Direct Child Care Subsidies | \$298,640,600 | \$308,040,600 | \$5,006,300 | \$16,655,600 | 7, 8 |
| Programs to Improve Child Care Quality and Availability | 9,559,400 | 9,626,700 | 2,700,000 | 2,700,000 | 9 |
| Local Pass-Through Program | 2,475,100 | 2,478,500 | -1,920,400 | -1,917,000 | 10 |

| | <u>Joint Finance/Act 33</u> | | <u>Change to Governor</u> | | <u>Item #</u> |
|---|-----------------------------|----------------|---------------------------|----------------|---------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2004-05</u> | |
| Other Benefits | | | | | |
| Kinship Care | \$24,122,200 | \$24,122,200 | -\$33,500 | -\$33,500 | 11 |
| Caretaker Supplement for Children of SSI Recipients | 26,397,200 | 29,175,100 | 5,513,500 | 9,205,300 | 12 |
| Emergency Assistance | 4,500,000 | 4,500,000 | 0 | 0 | 13 |
| Job Access Loans | 200,000 | 200,000 | 0 | 0 | 14 |
| Funerals/Burials for Public Assistance Recipients | 0 | 0 | 0 | 0 | 15 |
| Child Support Related to W-2 | | | | | |
| Child Support Payments | \$15,687,100 | \$15,097,100 | -\$2,090,000 | -\$2,300,000 | 16 |
| Children First | 1,140,000 | 1,140,000 | 0 | 0 | |
| Administrative Support | | | | | |
| State Administration | \$18,484,600 | \$18,484,600 | -\$2,800 | -\$2,800 | 17, 35 |
| Other Support Services | | | | | |
| Transportation | \$0 | \$0 | \$0 | \$0 | 18 |
| Legal Services | 0 | 0 | 0 | 0 | 19 |
| English for Southeast Asian Children | 100,000 | 100,000 | 0 | 0 | |
| Grant Programs | | | | | |
| Workforce Attachment and Advancement | \$0 | \$0 | -\$2,000,000 | -\$2,000,000 | 20 |
| Early Childhood Excellence | 2,500,000 | 2,500,000 | 0 | 0 | 21 |
| Grants to Boys and Girls Clubs of America | 300,000 | 300,000 | 0 | 0 | 22 |
| Literacy-DWD | 0 | 0 | 0 | 0 | 23 |
| Expenditures in Other Programs | | | | | |
| Earned Income Tax Credit | \$57,892,000 | \$59,532,000 | \$0 | \$9,232,000 | 24 |
| Head Start | 3,500,000 | 3,500,000 | 0 | 0 | 25 |
| Aid to Milwaukee Public Schools | 0 | 0 | 0 | 0 | 26 |
| SSBG Transfer to DHFS/Community Aids | 13,420,500 | 13,420,500 | 0 | 0 | 27 |
| Brighter Futures and Tribal Adolescent Services | 1,367,100 | 1,367,100 | 1,367,100 | 1,367,100 | 28 |
| Badger Challenge | 0 | 0 | 0 | 0 | 29 |
| Literacy-Governor's Office | 0 | 0 | 0 | 0 | 23 |
| Nutrition Services | 0 | 0 | 0 | 0 | 30 |
| Immunization | 0 | 0 | 0 | 0 | 31 |
| Domestic Violence | 750,000 | 750,000 | 0 | 0 | 32 |
| Child Abuse and Neglect Prevention Board | 340,000 | 340,000 | 0 | 0 | |
| Child Welfare Safety Services | 7,045,500 | 7,045,500 | -48,600 | -48,600 | 40 |
| Child Welfare Prevention Services | 1,489,600 | 1,489,600 | 0 | 0 | |
| Milwaukee Child Welfare - WiSACWIS | 1,695,700 | 1,741,300 | 0 | 0 | 33 |
| Total Expenditures | \$634,818,300 | \$648,162,500 | \$2,389,500 | \$19,772,700 | |
| Ending Balance | \$49,763,200 | \$87,700 | | | |

2. W-2 AGENCY CONTRACTS -- SERVICES AND ADMINISTRATION [LFB Paper 846]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|----------------------------|-----------------------------------|----------------|
| FED | - \$42,670,600 | - \$2,228,000 | - \$44,898,600 |

Governor: Reduce funding by \$21,335,300 annually for services and administration expenditures under the W-2 agency contracts as follows:

W-2 Services. Under current law, funding for services provided by W-2 agencies is included in a combined allocation that covers both agency administrative costs and services. The bill would create a separate statutory allocation for W-2 ancillary services of \$55,606,600 in each year. For 2003-04, the funding would include \$27,803,300 for the last six months of the current contracts, which cover calendar years 2002 and 2003, and \$27,803,300 for the first six months of the next contracts, which will cover calendar years 2004 and 2005. All of the funding in 2004-05 would be used for the next 12 months of the 2004-2005 contracts. Funding for the final six months of those contracts would be provided in the 2005-07 biennial budget.

While there is no separate allocation for ancillary services under current law, the bill assumes that base funding is \$76,941,900. Therefore, funding under the bill would represent a \$21,335,300 annual reduction to the current level of funding. The reduction includes a \$10,667,700 decrease in funding in 2003-04 for the last six months of the current (2002-2003) contracts.

The current allocation for W-2 administration and services states that the funding may be used for program services under W-2. The separate allocation for ancillary services under the bill would retain this language but would also state that such services include transportation assistance for TANF-eligible individuals. For the 2004-2005 contracts, the new language would specify that program services include transportation assistance for TANF-eligible individuals, education and training, mentoring, and other services provided under the contracts.

W-2 Administration. The bill would also create a separate allocation for W-2 agency administrative costs, which would be funded at \$22,279,700 in each year. For 2003-04, this would include \$11,139,800 for the last six months of the 2002-2003 contracts, and \$11,139,900 for the first six months of the 2004-2005 contracts. For 2004-05, the funding would include \$22,279,700 for the next 12 months of the 2004-2005 contracts. As with funding for ancillary services, funding for W-2 agency administrative expenses during the final six months of the 2004-2005 contracts would be provided in the 2005-07 biennial budget. While there is no separate allocation for administration under current law, the bill assumes base funding of \$22,279,700, which is the same as the amount that would be provided in each year of the 2003-05 biennium.

Joint Finance/Legislature: Reduce funding by \$1,114,000 annually for a 5% reduction in funding for W-2 agency administration. The amounts allocated for W-2 agency administration would total: (a) \$10,582,800 in 2003-04 for the last six months of the 2002-2003 W-2 agency

contracts; (b) \$10,582,900 in 2003-04 for the first six months of the 2004-2005 W-2 agency contracts; and (c) \$21,165,700 for the next 12 months of the 2004-2005 W-2 agency contracts.

[Act 33 Sections: 1254 and 1258]

3. W-2 CASH BENEFITS, WAGES, AND STIPENDS ALLOCATION
[LFB Paper 847]

| | |
|-----|--------------|
| FED | \$34,259,600 |
|-----|--------------|

Governor: Increase funding by \$17,129,800 annually for payments to W-2 participants in subsidized employment positions, and caretaker of newborn infant (CNI) grants under current law. In addition, expand the current statutory W-2 benefit allocation to include wages and stipends under the new transitional subsidized private sector job employment program in the 2004-2005 contracts. Funding would total \$66,439,400 annually. This amount does not include the increase in W-2 benefits relating to the provision to extend CNI grants from 12 weeks to six months (an increase in benefits of \$4,988,100 in 2003-04 and \$11,971,400 in 2004-05). If funding for the CNI grant extension were included, funding would total \$71,427,500 in 2003-04 and \$78,410,800 in 2004-05. Base funding for cash W-2 benefits is \$49,309,600.

Under the bill, the funding for benefits for 2003-04 would include \$35,713,700 for the last six months of the 2002-2003 W-2 agency contracts, and \$35,713,800 for the first six months of the 2004-2005 contracts. [However, there is an error in the 2003-04 allocations between the contract periods. The benefits should include \$33,219,700 for the last six months of the 2002-2003 contracts and \$38,207,800 for the first six months of the 2004-2005 contracts. As a result, under the bill, funding for the 2002-2003 contracts would be overstated by \$2,494,000, and funding for 2004-2005 contracts would be understated by the same amount.] The benefit allocation for 2004-05 would total \$78,410,800 for the next 12 months of the 2004-2005 contracts. Funding for the final six months of the 2004-2005 contracts would be included in the 2005-07 biennial budget.

The bill would provide additional funds for cash benefits for the remaining six months of the 2002-2003 contracts to reflect increases in the W-2 cash benefit caseload. Under the current contracts, funding for benefits for the last six months of the contracts would total \$24,654,800. The intent of the bill would be to provide an additional \$8,564,900 for these benefits to reflect increases in cash benefit payments. However, due to the error in the allocations under the bill, an additional \$11,058,900 would be provided.

Under current law, all W-2 benefits are paid by W-2 agencies under contracts with DWD. Under the bill, beginning on January 1, 2004, DWD, instead of W-2 agencies, would make payments to employers to reimburse them for wages and other expenses relating to employing participants under the new transitional subsidized private sector jobs provisions. These payments would be made from the funds provided for W-2 benefits, wages, and stipends. However, the bill does not include assumptions on the number of participants who would be employed in such positions, or the potential cost to DWD of the reimbursement to employers. Therefore, DWD, in establishing the 2004-2005 W-2 agency contracts, would be required to

make assumptions to determine the amount of funding that would be retained by DWD for the employer reimbursements and the amount that would be provided to W-2 agencies for cash benefits and educational stipends. As a result, the amounts provided to W-2 agencies for W-2 benefits, and for educational stipends paid to persons employed in transitional subsidized private sector jobs, would be less than the amounts identified above by an unknown amount.

Joint Finance/Legislature: Modify the bill to reflect the \$33,219,700 that would be allocated for W-2 benefits in 2003-04 for the last six months of the 2002-2003 W-2 contracts.

In addition, delete references to wages and educational stipends that would have been paid under the provisions of the Governor's bill to create a transitional subsidized private sector job program that was deleted by the Committee.

With the Committee's action to eliminate the provision under the bill that would extend grants to caretakers of newborn infants from 12 weeks to six months, W-2 benefits for the 2004-2005 contracts would total \$33,219,700 in 2003-04 for the first six months of the contracts, and \$66,439,400 in 2004-05 for the next 12 months of the contracts.

[Act 33 Section: 1253]

4. TRANSITIONAL SUBSIDIZED PRIVATE SECTOR JOBS [LFB Paper 848]

Governor: Create a new work category under W-2 referred to as transitional subsidized private sector jobs, and make the following related changes to the W-2 program.

Selection of Employers. Require DWD to establish, by rule, eligibility criteria that employers must meet in order to employ a participant in a transitional subsidized private sector job and receive reimbursement of costs for the participant. Require DWD to request proposals from employers for employing participants in transitional subsidized private sector jobs, and to select, and enter into contracts with, employers that meet the eligibility criteria and demonstrate the ability to do all of the following: (a) create useful transitional subsidized private sector jobs; (b) provide effective supervision for participants; (c) manage payroll, taxes, and other financial matters in a responsible manner; (d) coordinate closely and cooperatively with a W-2 agency in moving participants employed by the employer into stable unsubsidized employment as quickly as possible; and (e) comply in all respects with the W-2 program.

Administration. Require W-2 agencies to administer a transitional subsidized private sector job program as part of their administration of the W-2 program to improve the employability of individuals who are not otherwise able to obtain unsubsidized employment, as determined by the W-2 agency. If a W-2 agency determines that placement in an unsubsidized job is inappropriate, placement in a trial job is inappropriate or unavailable, and that placement in a community service job (CSJ) would be appropriate, the participant would have to be allowed to choose between placement in a transitional subsidized private sector job, to the extent available, or a CSJ. Placement in a transitional subsidized private sector job would take

priority over placement in a W-2 transitional placement, as does placement in a CSJ under current law.

If a participant chooses placement in a transitional subsidized private sector job, the W-2 agency would have to arrange for such a position, if available, to be offered at a reasonably accessible location with one or more employers selected by DWD. Job offers would be limited by the number of employers selected by DWD, and the number and types of employment positions available with each employer, as provided in the employer's contract with DWD.

Require the W-2 agency contracts to include requirements for W-2 agencies to provide every participant in a transitional subsidized private sector job information about, and assistance in obtaining, any work supports for which the participant is eligible, such as child care, health insurance, and income tax credits and refunds. In addition, modify the W-2 agency contracts in terms of duties of the community steering committees to require the committees to do the following for persons who are eligible for transitional subsidized private sector jobs: (a) create and encourage others to create on-the-job training sites; (b) foster and guide entrepreneurial efforts of participants; and (c) provide mentors, both from the steering committee's membership and from recruitment of members of the community, to provide job-related guidance, including assistance in resolving job-related issues and the provision of job leads or references. Under current law, the steering committees are required to perform these duties for persons who are eligible for trial jobs and CSJs.

Employer Reimbursement. Require DWD to reimburse an employer that employs a participant in a transitional subsidized private sector job for up to 100% of the employer's costs that are attributable to employment of the participant, as determined by DWD, including any of the following: (a) wages; (b) federal social security taxes; (c) state and federal unemployment contributions or taxes, if any; (d) worker's compensation insurance premiums, if any; (e) liability insurance premiums, if any; and (f) supervisory costs and other overhead as specified in the employer's contract with DWD.

Currently, all benefits to W-2 participants are paid through the contracts with the W-2 agencies. Under the bill, the reimbursement of wages to employers would be paid by DWD. However, additional funding is not provided, nor is an amount specified, for benefits to reflect the creation of transitional subsidized private sector jobs. Therefore, DWD would have to determine the amount of funding to retain from the allocations for W-2 benefits, wages, and stipends to pay the employer reimbursements.

Job Description. Require, to the extent possible, each transitional subsidized private sector job to be designed by the employer, in consultation with the W-2 agency and DWD, to meet the needs and fit the abilities of the participant to whom the job is offered. Each job would be required to involve the performance of useful work. Employers offering this type of job and DWD would both be required to consult with labor unions representing public sector employees on the design of the jobs to ensure compliance with current nondisplacement provisions required of other W-2 employment positions.

DWD could design transitional subsidized private sector jobs that do either of the following: (a) allow a participant to work in supported employment, if the W-2 agency determines that the participant is highly unlikely to obtain or retain unsubsidized employment at the minimum wage; or (b) allow a participant to care for a severely disabled child or other relative of the participant, if the W-2 agency determines that it would be cost-effective for taxpayers.

Required Hours. Require each transitional subsidized private sector job to provide at least 25 hours, but no more than 30 hours, of work per week to allow the participant to continue to search for unsubsidized employment, unless a different number of hours is recommended by the W-2 agency, on a case-by-case basis, in accordance with guidelines established by DWD.

Wages. Provide that participants in transitional subsidized private sector jobs would receive the prevailing minimum wage for hours actually worked, paid by the employer. The general definition of wages as provided under Chapter 109 of the statutes (Wages, Claims, and Collections) would apply.

Education or Training Substitution. If a participant has been employed in a transitional subsidized private sector job for at least two weeks, and has performed satisfactorily (as determined by the employer), the participant and the W-2 agency, in consultation with the employer, could enter into an agreement under which all of the following occur: (a) the participant enrolls in an education or training program that the participant and the W-2 agency agree has a high probability of enabling the participant to acquire skills leading to unsubsidized employment; (b) the participant's required work hours are reduced to between 15 to 20 hours per week; and (c) the W-2 agency pays the participant a stipend equal to 90% of the wages that the participant would have earned in the transitional subsidized private sector job if his or her hours had not been reduced. Provide that the stipend could not be paid for more than three months, unless the W-2 agency recommends a longer period in accordance with guidelines established by DWD. In no case could a stipend be paid after a participant's employment terminates. The stipends would be exempt from taxes, and from execution, garnishment, attachment, and every other process and would be inalienable, as is currently the case for W-2 grant payments, child care subsidies, and certain other social service payments.

W-2 Financial Eligibility. Provide that for purposes of determining financial eligibility for W-2 benefits or child care subsidies, any wages or stipends received under a transitional subsidized private sector job would be excluded in calculating an individual's gross income level, as are payments to W-2 participants in subsidized employment and caretakers of newborn infants, under current law.

Time Limits. Limit participation in any one transitional subsidized private sector job to a maximum of six months, unless an extension is granted by a W-2 agency. Allow a participant to be employed in more than one transitional subsidized private sector job. At the conclusion of each assignment, the W-2 agency would be required to reassess the individual's employability. Employment in transitional subsidized private sector jobs could not exceed 24 months, which need not be consecutive. DWD or a W-2 agency, with approval of DWD, could

grant an extension of the 24-month limit on a case-by-case basis if: (a) the participant is employed in supported employment, or caring for a severely disabled child or other relative; or (b) the W-2 agency, with approval of DWD, has determined that the participant has made all appropriate job search efforts and has been unable to find unsubsidized employment, because local labor market conditions preclude a reasonable job opportunity for that participant. The statutory 60-month time limit that currently applies to participation in a W-2 employment position and receipt of benefits funded under the TANF block grant would also apply to participants in a transitional subsidized private sector job. As under current law, participation and or benefits could not be extended unless a W-2 agency determines, in accordance with DWD rules, that unusual circumstances exist that warrant an extension of the participation period.

Unsubsidized Employment Search. Require every participant in a transitional subsidized private sector job to search for unsubsidized employment throughout his or her participation, including any time during which the participant is pursuing required education or training, unless a W-2 agency grants an exception to the requirement because: (a) the participant is employed in supported employment, or caring for a severely disabled child or other relative; or (b) the W-2 agency determines, in accordance with guidelines established by DWD, that the participant has made all appropriate job search efforts, but is unable to find an unsubsidized job because local labor markets preclude a reasonable job opportunity for that participant. If a W-2 agency determines that a participant is not making satisfactory or good faith efforts to seek unsubsidized employment, after having been given appropriate notices, as defined by DWD, the person would have to be terminated from the transitional subsidized private sector position. A participant who believes that he or she has been wrongfully terminated could appeal to DWD.

Employer-Employee Relationship. Provide that a participant who accepts a transitional subsidized private sector job would be an employee of the employer for all purposes and in all respects, unless otherwise provided. The participant would have to: (a) be supervised in the same manner as the employer's other employees; (b) be covered under the employer's workers compensation coverage; and (c) receive his or her paycheck in the same manner as other employees, with appropriate payroll deductions. DWD could also require an employer to provide a sick leave benefit to the participant.

An employer could terminate employment of a participant in a transitional subsidized private sector job, in accordance with guidelines established by DWD, for misconduct, failure to perform work satisfactorily, or repeated unexcused absences from work. A participant could appeal the termination to DWD if he or she believes that they have been wrongfully terminated.

Overpayments. Require DWD to specify a process, by rule, for recovering overpayments of wages and stipends, including overpayments caused by an intentional violation of W-2 statutes or rules. Specify that the rules would have to permit an employer to recover wage overpayments for the individual to whom the wage was paid, and require DWD to recover any overpayment of reimbursement paid to the employer.

Drug Testing. Require a participant in a transitional subsidized private sector job, who, after August 22, 1996, was convicted in any state or federal court of a felony that has as an element possession, use, or distribution of a controlled substance to submit to a test for use of controlled substances, as a condition of continued eligibility, as currently is required for participation in a CSJ or a transitional placement. Provide that if the test results are positive, the W-2 agency would be required to decrease the number of hours that the participant may work in the transitional subsidized private sector job by up to 15%, for not fewer than 12 months, or for the remainder of the participant's employment, whichever is less. In addition, a W-2 agency could require an individual who tests positive for use of a controlled substance to participate in a drug abuse evaluation, assessment, and treatment program as a condition of employment in a transitional subsidized private sector job.

Food Stamp Benefits. Provide that the amount of food stamp benefits paid to a participant in a transitional subsidized private sector job would be calculated based on the participant's gross wages and stipends, if any, as reduced by any penalty for testing positive for use of a controlled substance, if relevant.

Child Care Subsidy Eligibility. Modify provisions regarding eligibility for child care subsidies to include search for unsubsidized employment, work activities, and education and training activities under a transitional subsidized private sector employment position.

Other Statutory Changes. Generally treat employment in a transitional subsidized private sector job, and wages and stipends received in those positions, the same as employment in other W-2 employment positions and benefits received in those positions, for the purposes of the petition for review process, Learnfare eligibility, recovery of W-2 benefits, W-2 agency reporting requirements, establishment of child and spousal support, and eligibility for reimbursement of funeral and burial expenses. In addition, update cross-references to reflect renumbering, and other changes to general references to W-2 employment positions and benefits to reflect the creation of transitional subsidized private sector employment positions.

Effective Date. These provisions would take effect on January 1, 2004.

EITC and Homestead. Although the federal Internal Revenue Service would make the ultimate determination, the administration believes that participants in transitional subsidized private sector jobs would qualify for the federal earned income tax credit (EITC). If that is the case, participants would also qualify for the state EITC. Participants would also qualify for the state homestead tax credit, regardless of whether they qualify for the EITC. However, the bill does not include additional funding for the state EITC or the homestead tax credit relating to this provision. Under current law, participants in CSJs and transitional placements under W-2 do not qualify for the EITC because they receive monthly grants rather than wages. Under the current homestead credit provisions, property taxes or rent used in calculating the credit must be reduced by one-twelfth for each month in which an individual participates in a W-2 CSJ or transitional placement. This provision would not apply to participants in transitional subsidized private sector jobs under the bill.

Joint Finance/Legislature: Delete provision. Instead, require the DWD Task Force on Transitional Jobs to continue its work reviewing and researching the creation and implementation of a subsidized work program under the W-2 program, and submit separate legislation based on its findings and recommendations.

Veto by Governor [A-26]: Delete the requirement that the DWD Task Force continue to review and research the creation and implementation of a subsidized work program and propose legislation. Instead, direct the Secretary of DWD to "continue the creation and implementation of a subsidized work program under the Wisconsin Works program." The Governor's veto message indicates that the veto would return, as closely as possible, to the intent of the original proposal as introduced by the Governor.

Given that Act 33 would provide no specific policies relating to a subsidized work program under W-2, based on provisions under Chapter 227 of the statutes, it appears that DWD would have to promulgate administrative rules to institute general policies regarding the program and govern the enforcement and administration of the program.

While there would be no statutory language governing the program under Act 33, based on the Governor's original proposal, the Legislative Fiscal Bureau estimated that the program would have required additional funding of \$2.3 million GPR beginning in 2004-05 to fund the state EITC and homestead tax credit, and \$3.1 million GPR on an annual basis thereafter.

[Act 33 Section: 9159(4f)]

[Act 33 Vetoed Section: 9159(4f)]

5. W-2 AGENCY PERFORMANCE BONUSES

Governor/Legislature: Retain the statutory allocation and authority for performance bonuses for the 2002-2003 W-2 agency contracts, but specify that no funding would be allocated in 2003-04. By retaining the statutory allocation, the bill would allow DWD to submit a request to DOA to allocate funding for performance bonuses in 2003-04 if DWD identified underspending in other programs that could be allocated for the bonuses. In addition, if DWD received additional TANF funds that could be allocated for performance bonuses, DWD and the Governor could submit a request to the Joint Committee on Finance under the 14-day approval process in s. 16.54 of the statutes for allocation of the funds.

[Act 33 Section: 1255]

6. COMMUNITY REINVESTMENT [LFB Paper 845]

| | |
|-----|----------------|
| FED | - \$11,079,400 |
|-----|----------------|

Governor: Delete funding of \$5,539,700 annually to remove base funding for community reinvestment. In addition, eliminate the TANF statutory allocation and authority for

community reinvestment funds, and direct DWD to not pay any community reinvestment funds earned under the 2000-2001 W-2 agency contracts.

Under current law, the W-2 agencies were eligible to earn 3% of their base W-2 contract amounts for the 2000-2001 contracts as community reinvestment if they met all of the base performance benchmarks. The contract period for expenditure of these funds is January 1, 2002, through December 31, 2003. 2001 Act 16 budgeted 18 months of the contracts. DWD had requested funding for the remaining six months (\$2,213,800) in its 2003-2005 budget request. The amount requested included \$656,000 that was to be paid to Milwaukee County to fulfill an agreement between Employment Solutions, Inc. (ESI), a former W-2 agency, and DWD, in which ESI agreed to relinquish its community reinvestment funding associated with the 2000-2001 contracts, and DWD agreed to reinvest the funds in Milwaukee County. Act 16 eliminated community reinvestment funding under the 2002-2003 contracts. Under the bill, the remaining community reinvestment funds earned under the 2000-2001 contracts would not be paid out.

Joint Finance/Legislature: Modify the provision to allow W-2 agencies to continue to spend community reinvestment funds that were budgeted under 2001 Act 16, and contracted through December 31, 2003.

[Act 33 Sections: 1256, 1286, and 9159(2)]

7. CHILD CARE SUBSIDIES [LFB Paper 850]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|----------------------------|-----------------------------------|--------------|
| FED | -\$4,946,200 | \$527,400 | -\$4,418,800 |

Governor: Reduce funding by \$5,363,300 in 2003-04 and provide \$417,100 in 2004-05 for direct child care services under the Wisconsin Shares program. Base funding for Wisconsin Shares is \$305,550,000, including funding for child care subsidies, local administration, on-site child care at job centers and counties, and migrant child care. Funding for the Wisconsin Shares program under the bill would total \$293,634,300 in 2003-04 and \$291,385,000 in 2004-05, including the reductions made to child care subsidies relating to the extension of benefits for caretakers of newborn infants summarized under Item #8.

Joint Finance/Legislature: Decrease funding by \$1,546,100 in 2003-04 and increase funding by \$2,073,500 in 2004-05 to reflect a reestimate of child care subsidy costs under the bill. Funding allocated for the Wisconsin Shares program, including child care subsidies, local administration, on-site child care at job centers and counties, and migrant child care would total \$298,640,600 in 2003-04 and \$308,040,600 in 2004-05, including the increased funding for subsidies under the Committee's action to delete the provision under the bill to extend grants for caretakers of newborn infants from 12 weeks to six months.

[Act 33 Section: 1265]

8. CARETAKER OF A NEWBORN INFANT [LFB Paper 849]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|------------------------------------|---|-------------------|
| FED | -\$4,175,000 | \$4,175,000 | \$0 |

Governor: Reduce funding by \$1,564,300 in 2003-04 and \$2,610,700 in 2004-05 to reflect an extension of the amount of time an eligible custodial parent of an infant could receive a monthly W-2 grant from 12 weeks, under current law, to six months, beginning January 1, 2004. The funding modifications include: (a) an increase of \$4,988,100 in 2003-04 and \$11,971,400 in 2004-05 to the W-2 contract allocations for W-2 benefits for individuals who would be eligible to receive benefits for six months instead of 12 weeks; and (b) a decrease in funding of \$6,552,400 in 2003-04 and \$14,582,100 in 2004-05 for child care subsidies to reflect that individuals would be caring for their infants for an additional three months, instead of engaging in work and training activities, and would not need child care.

Under current law, a person who meets the eligibility requirements for a W-2 employment position, and who is a custodial parent of a child who is 12 weeks old or less, may receive a monthly grant of \$673, unless another adult member of the W-2 group is participating in, or is eligible to participate in, a W-2 employment position, or is employed in unsubsidized employment. The parent may not be required to participate in a W-2 employment position during the 12 weeks. Receipt of a parent of a newborn grant does not constitute participation for purposes of federal and state time limits imposed on TANF and W-2 employment positions if the child was born not more than 10 months after the date the participant was first determined to be eligible for assistance for a W-2 employment position.

The new provision would first apply to persons who are receiving a caretaker of an infant grant, or who are determined to be eligible for such a grant, on January 1, 2004.

Joint Finance/Legislature: Delete provision.

9. PROGRAMS TO IMPROVE CHILD CARE QUALITY AND AVAILABILITY [LFB Paper 855]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|------------------------------------|---|-------------------|
| FED | -\$17,129,900 | \$5,400,000 | -\$11,729,900 |

Governor: Reduce funding by \$8,598,600 in 2003-04 and \$8,531,300 in 2004-05 for programs administered by DWD and DHFS to improve child care quality and availability. Total funding of \$6,859,400 in 2003-04 and \$6,926,700 in 2004-05 would be allocated under the bill, as shown in the table below. The first column in the table represents the base level of

funding for each program. The second and third columns show the total funding under the bill, and the last two columns show the proposed change to base.

**Funding for Programs to Improve Under the Governor's Budget Bill
Child Care Quality and Availability**

| | <u>Governor's Recommendations</u> | | | <u>Change to Base</u> | |
|---------------------------------------|-----------------------------------|----------------|----------------|-----------------------|-----------------|
| | <u>Base Funding</u> | <u>2003-04</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2004-05</u> |
| Resource and Referral Agencies | \$1,355,300 | \$1,219,800 | \$1,219,800 | -\$135,500 | -\$135,500 |
| DWD – Office of Child Care | 786,500 | 1,199,000 | 1,199,000 | 412,500 | 412,500 |
| DHFS – Licensing Staff | 4,733,700 | 4,440,600 | 4,507,900 | -293,100 | -225,800 |
| Child Care Scholarship | 6,007,200 | 0 | 0 | -6,007,200 | -6,007,200 |
| High Quality Demonstration Project -- | | | | | |
| Racine County | 1,000,000 | 0 | 0 | -1,000,000 | -1,000,000 |
| Technical Assistance | 995,300 | 0 | 0 | -995,300 | -955,300 |
| Safe Child Care | <u>580,000</u> | <u>0</u> | <u>0</u> | <u>-580,000</u> | <u>-580,000</u> |
| Total | \$15,458,000 | \$6,859,400 | \$6,926,700 | -\$8,598,600 | -\$8,531,300 |

The bill would eliminate funding and authority for the following programs: (a) a child care scholarships program, which currently provides funds for three programs, including the teacher education and compensation helps (TEACH) program for scholarships to child care providers to achieve a higher level of education, the rewarding education with wages and respect for dedication (REWARD) program, which provides stipends to child care teachers, providers, and directors based on their level of education specific to the child care field, and a mentoring program for child care providers and teachers; (b) a high quality child care demonstration project in Racine County authorized under 2001 Act 16; (c) a technical assistance program for child care providers; and (d) the safe child care program, which provides funds to counties and tribal agencies to increase the level of safety and health in certified day care homes. In addition, the bill would delete an obsolete provision transferring \$182,200 annually to DHFS for day care administration for Milwaukee County foster parents. Funding for these services was deleted under 2001 Act 16.

The funding increase for the DWD office of child care reflects a realignment of positions within DWD to more accurately reflect their duties.

[The bill would authorize \$6,679,100 annually for administering the child care subsidy program, DWD's office of child care, and grants to resource and referral agencies. However, funding allocated under the bill for these purposes totals \$2,418,800 annually. Therefore, a correction is needed so that the expenditure authority specified in the statutes accurately reflects the funding allocated under the bill.]

Joint Finance/Legislature: Provide \$2,700,000 annually to partially restore funding for the TEACH and REWARD programs.

In addition, modify the statutory allocation for administering the child care subsidy program, DWD's office of child care, grants to resource and referral agencies, the local pass-through program, and the child care scholarship and bonus program to reflect that \$7,593,500 in 2003-04 and \$7,597,300 in 2004-05 would be allocated for those activities.

[Act 33 Sections: 1242 thru 1244 and 1266]

10. CHILD CARE LOCAL PASS-THROUGH PROGRAM [LFB Paper 855]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|----------------------------|-----------------------------------|----------------|
| FED | - \$25,715,400 | - \$3,837,400 | - \$29,552,800 |

Governor: Reduce funding by \$12,857,700 annually for the child care local pass-through program. This program provides grants to local public agencies that provide the required matching funds to improve the quality of child care. Funding for the grants would total \$4,395,500 annually under the bill.

Current DWD administrative rules require local agencies to contribute a matching amount equivalent to the amount required for Wisconsin under the medical assistance program (41.5% in 2002-03). While there is no language under the bill, the funding levels assume that local agencies would contribute a 50% match.

Joint Finance/Legislature: Reduce funding by \$1,920,400 in 2003-04 and \$1,917,000 in 2004-05 for the local pass-through program. Funding for the program would total \$2,475,100 in 2003-04 and \$2,478,500 in 2004-05. The funding levels would require local agencies to contribute approximately 52% as matching funds.

[Act 33 Section: 1267]

11. KINSHIP CARE [LFB Paper 851]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|----------------------------|-----------------------------------|---------------|
| FED | - \$1,393,800 | - \$67,000 | - \$1,460,800 |

Governor: Reduce funding transferred to DHFS for the kinship care program by \$696,900 annually to reflect a reestimate of the number of families anticipated to use the kinship care program. The program provides monthly payments of \$215 per child to certain individuals caring for relative children. The total allocation under the bill would be \$24,155,700 annually, including \$22,501,100 for benefits and \$1,654,600 for assessments and administration.

Joint Finance/Legislature: Reduce funding by \$33,500 annually to reflect a reestimate of the cost of kinship care benefits over the biennium. The allocation for the program would total \$24,122,200 annually, including \$22,467,600 for benefits and \$1,654,600 for assessments and administration.

[Act 33 Section: 1274]

12. CARETAKER SUPPLEMENT [LFB Papers 845 and 852]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|----------------------------|-----------------------------------|--------------|
| FED | \$1,261,500 | \$14,718,800 | \$15,980,300 |

Governor: Increase TANF funding by \$1,087,700 in 2003-04 and \$173,800 in 2004-05 for benefits and administration of the caretaker supplement for children of recipients of supplemental security income, administered by DHFS. TANF funding under the bill would total \$20,883,700 in 2003-04, including \$20,239,100 for benefits and \$644,600 for administration, and \$19,969,800 in 2004-05, including \$19,325,200 for benefits and \$644,600 for administration. The benefits amounts are based on reestimates of caseloads under the program.

Joint Finance/Legislature: Provide increased funding of \$5,513,500 in 2003-04 and \$9,205,300 in 2004-05 to reflect a reestimated cost of benefits. TANF funding for the program would total \$26,397,200 in 2003-04, including \$25,752,600 for benefits and \$644,600 for administration and \$29,175,100 in 2004-05, including \$28,530,500 for benefits and \$644,600 for administration.

[Act 33 Section: 1275]

13. EMERGENCY ASSISTANCE

| | |
|-----|-------------|
| FED | \$2,400,000 |
|-----|-------------|

Governor/Legislature: Provide \$1,200,000 annually to increase funding for the emergency assistance program to reflect increased demand for the program, which provides assistance to needy persons in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. Funding for the program would total \$4,500,000 annually under the bill.

[Act 33 Section: 1261]

14. JOB ACCESS LOANS

| | |
|-----|-------------|
| FED | - \$800,000 |
|-----|-------------|

Governor/Legislature: Reduce funding by \$400,000 annually for job access loans. Under current law, persons who meet the eligibility requirements for a W-2 employment position may be eligible for a job access loans if: (a) the individual has an immediate or discrete financial crisis

that is not a result of an individual's failure to accept a bona fide job offer, or termination of a job without good cause; or (b) the individual needs a loan to obtain or continue employment, including repair or purchase of a vehicle. Base funding for job access loans is \$600,000, including \$83,300 PR from loan repayments. Under the bill, funding for job access loans would total \$200,000 annually.

In addition, authorize DWD to certify delinquent job access loan repayments to the Department of Revenue for setoff against any state tax refund or credit owed to the person who received the loan. DWD would be required to certify delinquent loan repayments in the same manner that is currently used for overpayments of certain public assistance benefits, including notice and hearing rights. Any revenues recovered by DOR would be used to make additional job access loans. Use of this process to collect delinquent repayments would not prevent DWD from collecting delinquent repayments through other legal means. The new provision would apply to delinquent repayments existing on or after the bill's general effective date, regardless of when the loan was made or when the delinquency accrued.

[Act 33 Sections: 510, 1225, 1263, 1451 thru 1459, and 1604]

15. FUNERALS AND BURIALS FOR PUBLIC ASSISTANCE RECIPIENTS

| | |
|-----|---------------|
| GPR | - \$9,100,400 |
|-----|---------------|

Governor/Legislature: Reduce funding by \$4,550,200 annually to transfer, from DWD to DHFS, authority and funding to reimburse counties for cemetery, burial, and funeral services for deceased individuals who received W-2, supplemental security income (SSI), or MA benefits and have insufficient funds in their estate to cover these costs. Funding would be increased under DHFS by the same amount. The bill would also modify statutory references to reflect the transfer.

[Act 33 Sections: 456, 505, 1092, 1262, 1288, 1302, and 1308]

16. CHILD SUPPORT PAYMENTS [LFB Paper 845]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|----------------------------|-----------------------------------|---------------|
| FED | - \$2,190,000 | - \$4,390,000 | - \$6,580,000 |

Governor: Decrease funding by \$905,000 in 2003-04 and \$1,285,000 in 2004-05 to reflect a reestimate of the cost of passing child support payments through to W-2 participants and paying the federal government its share of child support collections that are assigned to the state by participants in W-2 employment positions. Total funding for these payments would be \$17,777,100 in 2003-04 and \$17,397,100 in 2004-05.

Joint Finance/Legislature: Reduce funding by \$2,090,000 in 2003-04 and \$2,300,000 in 2004-05 to reflect the amount of child support payments that would be passed through to W-2

participants. Total funding for these payments would be \$15,687,100 in 2003-04 and \$15,097,100 in 2004-05.

17. STATE ADMINISTRATION [LFB Paper 845]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|----------------------------|-----------------------------------|---------------|
| FED | -\$12,282,200 | -\$5,600 | -\$12,287,800 |

Governor: Reduce funding by \$6,141,100 annually to reflect cuts to TANF state administration expenses to balance the TANF budget. Base funding for state administration of the TANF program is \$24,693,200. Under the bill, the allocation would total \$18,552,100 annually.

Joint Finance/Legislature: Reduce funding by an additional \$2,800 annually to reflect elimination of funding for eligible state employees to receive a cash payment instead of a fifth week of vacation. In addition, modify the statutory allocation for state administration to reflect the \$64,700 annual base budget reductions required under the bill (see "DWD--Economic Support and Child Care", Item #35). The allocation would total \$18,484,600 per year.

[Act 33 Section: 1259]

18. TRANSPORTATION PROGRAMS

| | |
|-----|--------------|
| FED | -\$1,800,000 |
|-----|--------------|

Governor/Legislature: Eliminate funding of \$900,000 annually for transportation programs. This funding is currently combined with funding from the Department of Transportation, the federal job access and reverse commute program, and local agencies to support capacity building and group transportation solutions, such as expanded transit services, transit route extensions, increased frequency of services, shared ride taxi service expansions, capital investments, and other long-term group transportation service expansions. The W-2 agency contracts would continue to require W-2 agencies to facilitate transportation options necessary for W-2 participants to get to and from assigned work activities, education and training assignments, and child care.

[Act 33 Section: 1270]

19. LEGAL SERVICES

| | |
|-----|------------|
| FED | -\$200,000 |
|-----|------------|

Governor/Legislature: Delete \$100,000 annually and the TANF statutory allocation for the Wisconsin Trust Account Foundation (WisTAF) for provision of legal services to families whose incomes are at, or below, 200% of the federal poverty level. The bill would modify current law that requires DWD to distribute an amount equal to the amount of private donations received by the foundation, not to exceed \$100,000, to instead allow DWD to

distribute funds up to the amount of private donations, not to exceed \$100,000. However, under the bill, no funding would be provided for the Foundation.

[Act 33 Sections: 1247 and 1285]

20. WORKFORCE ATTACHMENT AND ADVANCEMENT [LFB Paper 855]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|----------------------------|-----------------------------------|---------------|
| FED | -\$11,684,400 | -\$4,000,000 | -\$15,684,400 |

Governor: Reduce funding by \$5,842,200 annually for the workforce attachment and advancement (WAA) program. The program provides funds to workforce development boards and W-2 agencies for post-employment services to assist with job retention; incumbent worker training to promote job advancement and increased earnings; services to employers to retain workers and provide career progression paths; job readiness and placement services to unemployed persons; and basic job development. Base funding for the program is \$7,842,200. DWD has contracted to spend the base funding level for the period July 1, 2002, through December 31, 2003. Accordingly, DWD intends to encumber one-third of the base funding (\$2,614,100) to fund the last six months of the contracts ending on December 31, 2003. As a result, under the bill, funding available for the program would total \$4,614,100 in 2003-04 and \$2,000,000 in 2004-05.

Joint Finance/Legislature: Reduce funding by \$2,000,000 annually and delete the statutory authority and allocation for the workforce advancement and attachment program.

Veto by Governor [A-28]: Delete the provision that would have eliminated the statutory authority for the program. The veto would not restore funding for the program. However, the Governor, in his veto message, encourages DWD to use other available funds to continue to provide WAA grants to W-2 agencies and workforce development boards.

[Act 33 Sections: 505 and 1269c]

[Act 33 Vetoed Section: 1251m]

21. EARLY CHILDHOOD EXCELLENCE [LFB Paper 855]

| | |
|-----|------------|
| FED | -\$500,000 |
|-----|------------|

Governor/Legislature: Reduce funding by \$250,000 annually for the early childhood excellence initiative, which provides grants to early childhood centers for children under age five who come from families with incomes at or below 200% of the federal poverty level. The centers provide child care educational services, outreach, and training for parents and training for child care providers. A local matching contribution of 25% is required. 2001 Act 16 included nonstatutory language earmarking \$250,000 annually for La Causa, Inc., in Milwaukee, for day care services for the 2001-03 biennium. The reduction in grant funding reflects that the earmark

would not be included under the bill. However, La Causa, Inc., could continue to receive a grant under the program. The allocation for grants under the bill would total \$2,500,000 annually.

[Act 33 Section: 1268]

22. COMMUNITY YOUTH GRANTS/BOYS AND GIRLS CLUBS [LFB Paper 855]

Governor/Legislature: Replace the community youth grant program with grants to the Boys and Girls Clubs of America. Maintain funding for grants to the Boys and Girls Clubs of America at \$300,000 annually. Under current law, the community youth grant program is a competitive grant program to fund programs that improve the social, academic, and employment skills of youth who are eligible to receive TANF. 2001 Act 16 provided \$450,000 for competitive grants in 2001-02, and no additional funding for competitive grants in 2002-03. Act 16 also provided \$50,000 annually for the Boys and Girls Club of America. Act 109 increased the earmark for the Boys and Girls Club of America to \$300,000 annually. Under the bill, the grants to the Boys and Girls Clubs would continue to support programs that improve the social, academic, and employment skills of youths who are eligible to receive TANF.

[Act 33 Section: 1272]

23. LITERACY GRANTS AND SERVICES

| | |
|-----|---------------|
| FED | - \$1,600,000 |
|-----|---------------|

Governor/Legislature: Eliminate funding of \$800,000 annually and delete the TANF allocation for literacy grants and services. TANF funds of \$750,000 annually are currently used to fund literacy grants administered by DWD to develop or expand services to individuals with low literacy or limited English proficiency skills. The bill would modify current law that requires DWD to provide literacy grants, to instead allow DWD to award grants. However, no funds would be provided.

In addition, under current law, a total of \$50,000 TANF annually is allocated to the Governor's office to partially fund a literacy advocate position and support literacy grants to libraries. The remaining cost of these services is funded with GPR under the Governor's office. The bill would delete the TANF funding and the program revenue appropriations under the Governor's office that receive this funding.

[Act 33 Sections: 52, 633, 634, 1250, 1251, and 1271]

24. EARNED INCOME TAX CREDIT [LFB Paper 116]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-------|----------------------------|-----------------------------------|--------------|
| FED | -\$2,128,000 | \$0 | -\$2,128,000 |
| SEG | \$0 | 9,232,000 | 9,232,000 |
| Total | -\$2,128,000 | \$9,232,000 | \$7,104,000 |

Governor: Provide additional funding of \$2,732,000 in 2003-04 and reduce funding by \$4,860,000 in 2004-05 to adjust TANF funding for the refundable portion of the state earned income tax credit (EITC). Under current law, it is assumed that approximately 80% of the projected EITC payments will be refundable and will be made to TANF-eligible individuals. The Governor increases that assumption to 82%. The bill estimates the total state EITC at \$70,600,000 in 2003-04 and \$70,000,000 in 2004-05. For 2003-04, the full refundable portion would be funded with TANF (\$57,892,000). For 2004-05, part of the refundable portion would be funded with TANF (\$50,300,000), and the remainder would be funded from utility public benefits funding (\$7,100,000). (See "General Fund Taxes.")

Joint Finance/Legislature: Provide additional funding of \$9,232,000 FED in 2004-05 to fully fund the reestimated cost of the refundable portion of the state EITC with TANF funding, instead of using utility public benefits funding for a portion of the TANF cost in 2004-05, as proposed by the Governor. Rather, create an annual appropriation funded from segregated utility public benefits funding under DWD to be used to support the W-2 program, and provide \$9,232,000 SEG in 2004-05. The SEG funding would be used to offset the cost of W-2 and related programs for 2004-05, which would result in TANF savings of \$9,232,000 in that year.

[Act 33 Sections: 525m, 1252, and 1283]

25. HEAD START [LFB Paper 855]

| | |
|-----|------------|
| FED | -\$425,000 |
|-----|------------|

Governor/Legislature: Reduce funding by \$212,500 annually for the Head Start supplement program administered by the Department of Public Instruction (DPI). The funds are distributed to federally-designated Head Start programs to enable expansion of the programs. Base funding is \$7,425,000 which is split evenly between TANF and GPR. Under the bill, program funding would total \$7,212,500 annually, including \$3,500,000 TANF and \$3,712,500 GPR.

[Act 33 Section: 1284]

26. AID TO MILWAUKEE PUBLIC SCHOOLS

| | |
|-----|--------------|
| FED | -\$2,820,000 |
|-----|--------------|

Governor/Legislature: Eliminate TANF funding of \$1,410,000 annually and the statutory allocation under the TANF program for aid to Milwaukee Public Schools. In addition, eliminate the program revenue appropriation under the Department of Public Instruction for the transfer

of TANF funds to DPI for this purpose. The funds are used for an alternative education program for students under certain sanctions and for contracts with day care providers.

[Act 33 Sections: 352, 520, and 1282]

27. FUNDING TRANSFER TO COMMUNITY AIDS

Governor/Legislature: Reduce funding by \$73,500 annually for transfer to DHFS for the social services block grant (SSBG). Under current federal law, states are permitted to transfer up to 10% of the of their TANF block grant to SSBG. Wisconsin currently transfers 4.25%. The bill would retain the 4.25% transfer percentage, and transfer \$13,420,500, annually. The decrease in funding reflects an anticipated reduction in the federal TANF block grant resulting from the Oneida tribe administering its own TANF program, beginning in May, 2003. [The funding change for this item is shown under DHFS, because the TANF funds are appropriated directly to that agency rather than transferred from DWD.]

28. ADOLESCENT SERVICES AND PREGNANCY PREVENTION PROGRAMS [LFB Papers 853 and 854]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-------|----------------------------|-----------------------------------|-------------|
| GPR | \$0 | \$2,734,200 | \$2,734,200 |
| FED | - 3,633,000 | 0 | - 3,633,000 |
| Total | - \$3,633,000 | \$2,734,200 | - \$898,800 |

Governor: Reduce funding by \$1,816,500 annually to eliminate TANF funding and delete the TANF statutory allocation for adolescent services and pregnancy programs. The funding includes \$449,400 for the Adolescent Pregnancy Prevention and Pregnancy Services Board, which would be eliminated under the bill. The remaining funding of \$1,357,100 is allocated to the brighter futures and tribal adolescent services programs administered by DHFS. The bill would replace this funding with GPR under DHFS.

Joint Finance/Legislature: Provide \$1,367,100 FED annually to fund the Brighter Futures and tribal adolescent services programs administered by DHFS with TANF funds, instead of GPR, as proposed by the Governor. Provide that the funding would be allocated for adolescent substance abuse and pregnancy prevention programs. Funding for the Adolescent Pregnancy Prevention and Pregnancy Services Board would not be restored.

In addition, transfer the \$1,367,100 GPR annually that would have been appropriated, under the bill, for Brighter Futures and tribal adolescent services programs under DHFS to DWD. This funding would be used for child care costs as part of the state's matching requirement under the federal child care and development block grant fund, and would offset an equal amount of TANF funds.

[Act 33 Sections: 520 and 1277c]

29. BADGER CHALLENGE PROGRAM

| | |
|-----|-------------|
| FED | - \$186,800 |
|-----|-------------|

Governor/Legislature: Delete \$93,400 annually provided for the Badger Challenge program administered by the Department of Military Affairs (DMA), and eliminate the statutory allocation under the TANF program. The program helped 14- to 16- year old youth at risk of dropping out of high school. Under 2001 Act 16, \$93,400 TANF funding annually was provided for this program; however, DMA discontinued the program as part of its implementation of required GPR cuts.

[Act 33 Section: 1281]

30. NUTRITIONAL SERVICES

| | |
|-----|---------------|
| FED | - \$2,000,000 |
|-----|---------------|

Governor/Legislature: Eliminate funding of \$1,000,000 annually and delete the TANF statutory allocation for nutritional services administered by DHFS. The TANF funds are used to supplement federal funding provided for nutrition services and administration under the women, infants, and children (WIC) program. Base funding for nutrition services and administration is \$17.3 million, including federal WIC funds and TANF funds.

[Act 33 Section: 1276]

31. IMMUNIZATION SERVICES

| | |
|-----|---------------|
| FED | - \$2,000,000 |
|-----|---------------|

Governor/Legislature: Eliminate funding of \$1,000,000 annually for immunization services administered by DHFS, and delete the statutory allocation for immunization services under the TANF program. The TANF funding is currently used to supplement federal immunization funding to support a variety of activities, such as establishing and maintaining an immunization record system, notifying parents of children who are behind schedule to receive immunizations, identifying the transportation needs of clients, and assisting clients in obtaining accurate records of previous immunizations. A portion of the TANF funds are also retained by DHFS to support administrative costs. Federal immunization action plan (IAP) program funds totaled \$1.4 million for these activities in 2002-03.

[Act 33 Section: 1279]

32. DOMESTIC VIOLENCE [LFB Paper 855]

| | |
|-----|-------------|
| FED | - \$500,000 |
|-----|-------------|

Governor/Legislature: Reduce funding by \$250,000 annually for domestic abuse services grants administered by DHFS. These funds are distributed to organizations that provide domestic abuse services, including shelter facilities or private home shelter care, advocacy and counseling for victims, a 24-hour telephone service, and community education. Base funding is \$8.1 million, including \$1.0 million in TANF funds. The TANF funds support services for

victims of domestic abuse and their children, domestic violence services to traditionally underserved populations, and legal services for victims of domestic violence. Individuals that receive services funded with TANF must be from families whose incomes do not exceed 250% of the federal poverty level. The annual TANF contribution would be reduced to \$750,000 under the bill.

[Act 33 Section: 1278]

33. CHILD WELFARE INFORMATION SYSTEM [LFB Papers 432 and 433]

| | |
|-----|-------------|
| FED | \$3,437,000 |
|-----|-------------|

Governor/Legislature: Provide \$1,695,700 in 2003-04 and \$1,741,300 in 2004-05 and create a new statutory allocation under the TANF program for the Wisconsin statewide child welfare information system (WISACWIS) administered by DHFS. WISACWIS is the automated child welfare system that assists case workers and administrators in managing child welfare services, including intake, assessment, eligibility determinations, case management, court processing, financial reporting, and administration. DHFS is required to implement the system statewide by the end of fiscal year 2004-05. The TANF funds would support the portion of implementation and ongoing support costs of the system that are related to the kinship care program.

[Act 33 Section: 1280]

34. TANF REVENUE ADJUSTMENTS [LFB Paper 845]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-------|----------------------------|-----------------------------------|-------------|
| FED | \$3,302,200 | - \$159,000 | \$3,143,200 |
| PR | - 3,489,200 | 0 | - 3,489,200 |
| Total | - \$187,000 | - \$159,000 | - \$346,000 |

Governor: Adjust funding for W-2 and other TANF funding to increase the amount of federal TANF funding by \$1,151,100 in 2003-04 and \$2,151,100 in 2004-05, increase GPR funding by \$93,500 annually, and reduce PR funding by \$1,244,600 in 2003-04 and \$2,244,600 in 2004-05. The adjustments reflect the following changes: (a) a reduction in TANF funding of \$93,500 annually to reflect additional GPR funding allocated to TANF programs; (b) an increase in TANF funding of \$910,300 in 2003-04 and \$1,910,300 in 2004-05 to compensate for a decrease in PR from child support collections assigned to the state by public assistance recipients; and (c) an increase in TANF funding of \$334,000 annually to compensate for a reduction in anticipated PR funding from welfare fraud and error reduction activities.

Joint Finance/Legislature: Reduce funding by \$79,500 FED per year to adjust the TANF expenditure authority to reflect projected expenditures under the program for the 2003-05 biennium.

35. BASE BUDGET REDUCTION MEASURES [LFB Paper 845]

| Funding Positions | | |
|-------------------|-------------|---------|
| FED | - \$129,400 | - 19.18 |

Governor: Reduce TANF funding by \$64,700 annually and delete 19.18 positions to reflect base budget reductions under the bill. The state administration allocation of \$18,552,100 annually does not include this reduction.

Joint Finance/Legislature: Adjust the allocation for state administration by -\$64,700 annually to reflect the base budget reductions required under the bill. The allocation for state administration would total \$18,487,400 annually (see "DWD -- Economic Support and Child Care," Item #17).

[Act 33 Section: 1259]

36. UNALLOTTED RESERVE

| | |
|-----|-------------|
| FED | - \$700,000 |
|-----|-------------|

Governor/Legislature: Delete \$350,000 annually to eliminate funding that was placed in unallotted reserve under 2001 Act 16. Under Act 16, the Governor partially vetoed two statutory allocations, reducing the allocation for community youth grants by \$450,000 in 2002-03, and eliminating the \$150,000 statutory allocation for after-school care grants in 2002-03. The Governor directed that these funds be placed into unallotted reserve. 2001 Act 109 allocated \$250,000 of these funds for grants to the Boys and Girls Club of America. As a result, under current law, \$350,000 remains in unallotted reserve.

37. AODA PROGRAMS

Governor/Legislature: Delete the TANF statutory allocation for alcohol and other drug abuse grants, and modify current law to allow, rather than require, DWD to award grants to counties, tribal governing bodies, and private entities that provide community-based alcohol and drug abuse treatment programs to TANF-eligible individuals. The grants had been distributed through DHFS under the urban/rural women's substance abuse program. 2001 Act 16 provided \$500,000 in 2001-02 to fulfill existing contract obligations. No TANF funding would be provided for the program under the bill.

[Act 33 Sections: 1248, 1249, and 1273]

38. EDUCATIONAL NEEDS ASSESSMENT [LFB Paper 856]

Governor: Expand the requirement for W-2 agencies to conduct educational needs assessments to include each individual who applies for a W-2 position. Provide that if it is determined by the individual and the W-2 agency that the individual would benefit from education or training activities, the W-2 agency would have to include the activities in an

employability plan developed for the individual, and pay, or arrange for payment, for the education and training services identified in the plan, to the extent that funding is available. The provision would take effect January 1, 2004.

Currently, W-2 agencies perform some type of educational assessment for each person placed in a W-2 employment position. For persons for whom placement in unsubsidized employment or a trial job has been deemed appropriate, W-2 agencies are required to conduct an educational needs assessment. If it is determined that an individual needs basic education, including education for a high school equivalency degree, and if the individual wishes to pursue basic education, the W-2 agency includes the education in an employability plan developed for the individual. The W-2 agency is required to pay for the basic education services identified in the employability plan.

In addition, under current law, participants in community service jobs or transitional placements may be required to participate in education and training activities assigned as part of their employability plan. W-2 agencies may perform various types of assessments to determine what types of education and training are required. DWD establishes, by rule, the permissible activities.

Under the bill, a person would receive an educational needs assessment upon application, rather than upon placement, as under current law. Therefore, all who apply for W-2 would be assessed for educational and training needs, prior to determination of eligibility for the program. The bill would also provide that the W-2 agency would pay, or arrange for payment, for the education or training identified in the employability plan, to the extent that funds are available. This could be interpreted to mean that a W-2 agency would have to pay for training for a person who was determined not to be eligible for W-2, if funds were available. However, according to DOA officials, this is not the intent of the language. In addition, for persons in unsubsidized and trial jobs, the types of education and training a person could receive would be expanded beyond the current basic education activities to include other types of education and training, to the extent that funds are available.

Joint Finance/Legislature: Modify the provision to: (a) specify that if the individual and the W-2 agency determine that the individual needs or would benefit from education or training activities, and if the individual is determined to be eligible for W-2, the education or training activities shall be included in any employability plan developed for the individual; and (b) eliminate the language under the bill that would require W-2 agencies to fund all education and training activities identified in the employability plan, to the extent that funds are available. W-2 agencies would be required to fund basic education and training activities for persons in unsubsidized employment and trial jobs, as required under current law. For community service jobs and transitional placements, DWD would continue to determine the types of paid education and training activities a person could receive.

[Act 33 Sections: 1223m, 1223p, 9359(5f), and 9459(1f)]

39. APPROPRIATION RESTRUCTURING – ECONOMIC SUPPORT
[LFB Paper 857]

| | |
|-------|-------------------|
| FED | - \$21,636,600 |
| PR | <u>16,225,200</u> |
| Total | - \$5,411,400 |

Governor: Consolidate appropriations for the same or similar purposes funded with the same funding sources, amend titles to reflect the purposes of the appropriations, and update references to reflect the changes, including: (a) delete the separate GPR appropriations for job access loans and emergency assistance payments and transfer funding and authority to the existing GPR appropriation for W-2 and other public assistance administration and benefits, and rename the appropriation "temporary assistance for needy families programs; maintenance of effort;" (b) consolidate the program revenue appropriations for interagency and intra-agency aids and local assistance into the existing interagency and intra-agency programs appropriation, transfer funding and authority; (c) consolidate the federal appropriations for project operations and local assistance into the existing federal project aids appropriation, which would be renamed "federal project activities," and expanded to include authority for local assistance and specific limited term projects; (d) rename the federal program aids appropriation the "refugee assistance; federal funds" appropriation and modify the authority to specify that it be used for refugee assistance and administration of refugee assistance programs; (e) consolidate and clarify several program revenue and federal appropriations related to child support enforcement; and (f) delete the GPR appropriation for child support order conversion assistance. This appropriation was created in 2001 Act 16 solely for the purpose of funding the conversion of percentage-expressed child support orders to fixed-sum orders, a process that has now been completed.

In addition, delete the federal appropriations and \$31,800 FED annually for food stamp employment and training (FSET), and modify the program revenue appropriation for interagency and intra-agency programs to include administration of the FSET program. The federal FSET funds were transferred to DHFS as part of the transfer of the food stamp program to DHFS under 2001 Act 16. Under the transfer, DHFS contracts with DWD for administration of the employment and training of food stamp recipients. The bill would provide \$8,112,600 PR annually to adjust DWD's base funding to reflect revenues currently received from DHFS for FSET administration. Any unencumbered balances in the federal FSET appropriations would be transferred to the DWD program revenue appropriation. Also, delete the statutory allocation under the TANF program for food stamps for qualified immigrants which was also transferred to DHFS as part of the transfer of administration of the food stamp program required under Act 16. Further, delete \$10,786,500 FED annually to reflect the transfer of funding for county income maintenance administration expenses (\$7,345,200), and state administration of the food stamp program (\$3,441,300) which were also transferred to DHFS under Act 16.

Also, modify the federal block grant operations appropriation that receives TANF and child care funds to allow DWD to transfer funds between fiscal years, and provide that any funds that are transferred to the next fiscal year and are not spent or encumbered by September 30th of that next fiscal year would lapse to the general fund on October 1st of that year. [Note that the language requiring the lapsing of funds to the general fund was erroneously included in the bill, and according to DOA officials, is not the intent of the Governor. Further, it would

be inappropriate to lapse TANF block grant moneys received under this appropriation to the general fund.] Similar changes would not be made under the federal aids appropriation that receives TANF and child care funds.

Finally, delete obsolete references under the TANF program, including references to hospital paternity incentive payments, which are paid out of child support enforcement funds, allocations for 2000-2001 W-2 agency contracts, and other references that are no longer relevant.

Joint Finance/Legislature: Delete the provision that would allow DWD to transfer funds in the federal block grant operations appropriation between fiscal years, and would provide that any funds that are transferred to the next fiscal year and are not spent or encumbered by September 30th of that next fiscal year would lapse to the general fund on October 1st of that year.

[Act 33 Sections: 449, 450, 489, 493, 504, 505, 507 thru 509, 512 thru 520, 522, 524, 525, 1194, 1224, 1252, 1257, 1260, 1303, 1460, 1534, and 9259(1)&(2)]

40. CHILD WELFARE SAFETY SERVICES [LFB Paper 431]

| | |
|-----|------------|
| FED | - \$97,200 |
|-----|------------|

Joint Finance/Legislature: Reduce funding by \$48,600 annually to reflect a reestimate of the costs to support child welfare safety services in Milwaukee County based on more recent caseload and expenditure data. Funding for the services would total \$7,045,500 annually.

[Act 33 Section: 1279f]

41. SOUTHEAST ASIAN RECREATION PROGRAMS

| | Legislature (Chg. to Base) | Veto (Chg. to Leg) | Net Change |
|-----|-------------------------------|-----------------------|------------|
| GPR | \$200,000 | - \$200,000 | \$0 |

Senate/Legislature: Provide \$100,000 annually to DWD for grants to an organization that provides summer and after-school recreation programs for children and families of Southeast Asian origin.

Veto by Governor [A-29]: Delete provision.

[Act 33 Vetoes Section: 286 (as it relates to 20.445(3)(dz)) and 1272g]

42. FAITH-BASED INITIATIVE

Senate/Legislature: Direct DWD to secure federal funding to contract with the following faith-based organizations to create jobs and counsel families who have been impacted by gun violence: General Baptist State Ministers' Alliance, Wisconsin Baptist Ministers' Alliance,

Church of God and Christ Ministers' Alliance, and Apostolic Faith Ministers' Alliance. Require DWD to notify the Joint Committee on Finance by December 1, 2003, if a state match is required to secure the federal funds.

Veto by Governor [A-29]: Delete provision.

[Act 33 Vetoed Section: 9159(9d)]

Child Support

1. REDUCE RELIANCE ON CONTRACTORS FOR KIDS SUPPORT [LFB Paper 867]

| | Governor (Chg. to Base) | | Jt. Finance/Leg. (Chg. to Gov) | | Net Change | |
|-------|------------------------------------|------------------|---|------------------|-------------------|------------------|
| | Funding | Positions | Funding | Positions | Funding | Positions |
| GPR | -\$1,570,100 | 0.00 | -\$827,100 | 0.00 | -\$2,397,200 | 0.00 |
| FED | -3,047,800 | 0.00 | -1,605,500 | 0.00 | -4,653,300 | 0.00 |
| PR | 2,742,100 | 31.00 | 0 | 0.00 | 2,742,100 | 31.00 |
| SEG | 0 | 0.00 | -958,100 | 0.00 | -958,100 | 0.00 |
| Total | -\$1,875,800 | 31.00 | -\$3,390,700 | 0.00 | -\$5,266,500 | 31.00 |

Governor: Provide expenditure authority of \$766,000 PR for 15.00 PR positions in 2003-04 and \$1,976,100 PR for 31.00 PR positions in 2004-05 to replace IBM contractors who work on the Kids Information Data System (KIDS) in the Bureau of Child Support (BCS) with state employees. In addition, reduce expenditure authority in BCS by \$678,000 GPR and \$1,316,000 FED in 2003-04 and by \$892,100 GPR and \$1,731,800 FED in 2004-05 to reflect savings estimated to be realized from the personnel change in the areas of salary, fringe benefits, and supplies and services. The GPR and FED savings would result from reducing the number of IBM contractors working on KIDS from 31.00 in 2002-03 to 16.00 in 2003-04 and to zero by the end of 2004-05, while increasing the number of state FTEs working on KIDS from 21.00 in 2002-03 to 36.00 in 2003-04 and to 52.00 by the end of 2004-05. The total number of FTEs working on KIDS would remain at 52.00. KIDS is the statewide, automated child support system through which support payments are processed and case histories are maintained.

The PR funding would be implemented through a program revenue-service (PR-S) appropriation, meaning that the total shown would not represent additional expenditure authority as such, but instead would be "charged back" to an existing program of the Department (KIDS). The net effect of the change would be to "transfer," within DWD, dollars that otherwise would be used to pay IBM contractors to fund instead the salaries, fringe benefits, and supplies and services associated with the new in-house personnel.

Joint Finance/Legislature: Eliminate additional funding of \$114,800 GPR and \$222,800 FED in 2003-04 and \$712,300 GPR and \$1,382,700 FED in 2004-05, based on revised estimates of

the costs of the KIDS system and other revenues available to fund the system. In addition, reduce funding by \$448,000 SEG in 2003-04 and \$510,100 SEG in 2004-05 to reflect lower estimates of the amounts that will be available to fund the system from unclaimed child support.

2. **CENTRALIZED RECEIPT AND DISBURSEMENT (CR&D) FEE** [LFB Papers 865 and 867]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|----|------------------------------------|---|-------------------|
| PR | - \$2,300,600 | - \$599,000 | - \$2,899,600 |

Governor: Reduce expenditure authority by \$1,050,300 in 2003-04 and \$1,250,300 in 2004-05 to reflect revised estimates of revenues from the annual CR&D fee. This annual fee (\$35) is paid by child support obligors and helps fund the CR&D system, which processes child support, maintenance (alimony), health care expenses, birth expenses, and other child-support related payments. With the reductions indicated, revenues from the fee are now expected to total \$8,500,000 in 2003-04 and \$8,300,000 in 2004-05. DWD expects collections from the fee to continue to decline over time as a larger portion of delinquent fees becomes uncollectable.

Joint Finance/Legislature: Decrease funding by an additional \$399,500 in 2003-04 and \$199,500 in 2004-05 to reflect a revised estimate of revenues from the CR&D fee and to make the amounts in the appropriation schedule more accurately reflect estimated revenues from the CR&D fee and other child support-related fees. With these changes, revenues from the CR&D fee are estimated at \$7,400,000 in each year and revenues from other child support-related fees are estimated at \$600,000 in each year.

3. **SUPPORT COLLECTIONS TRUST FUND INTEREST** [LFB Paper 867]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-----|------------------------------------|---|-------------------|
| SEG | - \$1,400,000 | - \$487,200 | - \$1,887,200 |

Governor: Decrease expenditure authority by \$700,000 in each year to reflect revised estimates of interest earnings on balances in the support collections trust fund, through which child support payments and other types of court-ordered family support payments pass. As with revenues from the CR&D fee, interest on trust fund balances helps fund operation of the centralized receipt and disbursement system. Base-level funding is \$1,300,000. With the above-identified reductions, interest earnings are estimated at \$600,000 annually, under the bill.

Joint Finance/Legislature: Decrease funding by an additional \$243,600 in each year to reflect a lower estimate of interest earnings on the support collections trust fund. With these reductions, interest earnings are estimated at \$356,400 in 2003-04 and 2004-05.

4. FEDERAL FUNDS FOR CHILD SUPPORT ENFORCEMENT ACTIVITIES AND FEDERAL INCENTIVE PAYMENTS EXCEEDING THE EXISTING STATUTORY CAP
[LFB Papers 830, 865, and 866]

| | Governor (Chg. to Base) | Jt. Finance/Leg. (Chg. to Gov) | Net Change |
|-------|----------------------------|-----------------------------------|---------------|
| GPR | \$0 | - \$1,718,000 | - \$1,718,000 |
| FED | 14,883,400 | 2,399,600 | 17,283,000 |
| PR | - 11,380,000 | 0 | - 11,380,000 |
| Total | \$3,503,400 | \$681,600 | \$4,185,000 |

Governor: Provide increased federal expenditure authority of \$5,691,600 in 2003-04 and \$9,191,800 in 2004-05 for state and county child support enforcement activities. In addition, allow any federal child support incentive payments that exceed \$12,340,000 annually to be divided evenly between the Department and county child support agencies. The half of excess federal incentives paid to counties would be allocated according to the existing formula for distributing incentive payments to the counties and would be subject to the requirements that: (a) the excess could be used only to defray the costs of a county's child support program; and (b) a county could not receive incentive payments that exceed its child support program costs. The other half of the incentive-award overage would be retained by DWD to pay the costs of the Department's enforcement activities in the areas of child and spousal support, establishment of paternity, medical liability, efforts to publicize the names of delinquent child support obligors, and costs associated with receiving and disbursing support and support-related payments.

Under current law, the federal government distributes incentive payments to the states in order to encourage and reward child support programs that perform in a cost-effective and efficient manner. In Wisconsin, these funds are distributed to county child support agencies. In addition, under state law, Wisconsin provides incentive payments to county child support agencies to supplement the federal incentive payments. State law provides that the total of federal incentive payments and state supplemental payments cannot exceed \$12,340,000 annually, with the state supplemental payments capped at \$5,690,000 per year. Under this structure, the amount available for distribution to the counties will fall below \$12,340,000 if federal incentive payments are less than \$6,650,000. Conversely, state supplemental payments will be less than \$5,690,000 if federal incentive payments exceed \$6,650,000. The state supplemental payments are funded with program revenue from child support assigned to the state by certain public assistance recipients. Funding from assigned support payments in excess of the amount needed for state incentive payments is used to help fund the W-2 program.

Because of the implementation by the federal government of a new system of awarding incentive payments to the states and Wisconsin's relatively strong performance (compared to the other states) in child support enforcement, DWD expects federal incentive payments to this state to exceed the \$12,340,000 cap by a total of \$3,180,000 for federal fiscal years (FFYs) 2003 through 2005 (\$1,460,000 in FFY 2003, \$760,000 in FFY 2004, and \$960,000 in FFY 2005). Under the bill, half of the excess funding (\$1,590,000) would be distributed to counties and half would

be retained by the Department during the 2003-05 biennium. As under current law, all of the first \$12,340,000 in annual federal incentives would be distributed to county child support agencies. With the federal incentive award in excess of \$12,340,000, moreover, no state dollars would be needed to supplement the federal incentive dollars. Therefore, the maximum possible state biennial supplement of \$11,380,000 (\$5,690,000 per year) is reflected in the summary box as reduced PR expenditure authority. As current law provides, these dollars would be used to support the W-2 program instead of being awarded to counties to help fund child support enforcement efforts.

Current law allows DWD to contract with or employ a collection agency, attorney, or other person to enforce a support obligation of a parent who is delinquent in making support payments. In order to pay for costs incurred in enforcing support obligations through such arrangements, DWD is permitted to: (a) charge a fee to counties; (b) retain 30% of the state's share of collections made when a collection agency or other agent of enforcement is used to collect delinquent support on behalf of public assistance recipients; and (c) retain up to 50% of any federal incentive payments received with respect to collections of delinquent support achieved through the use of a collection agency or other agent of enforcement. The bill would delete (c), and, instead, allow DWD to use federal child support matching funds or the Department's portion of excess federal incentive payments (DWD's half of federal incentive payments that exceed \$12,340,000 for a year).

The bill's provisions regarding federal incentive awards exceeding \$12,340,000 for a year would first apply to incentive payments awarded for 2002.

In addition to expenditure authority for the higher federal incentive payments, the bill includes adjustments to account for the estimated amount of federal child support matching funds that will be claimed during the 2003-05 biennium. [Under federal law, expenditures of state and local funds (including incentive payments received from the federal government) on child support enforcement activities are eligible for a 66% federal match.] More detailed information on the funding adjustments recommended by the Governor is provided below.

State Share of Excess Federal Incentive Payments. The bill includes \$472,900 in 2003-04 and \$1,117,500 in 2004-05 in a newly-created appropriation to help fund a variety of child support enforcement costs within DWD. These amounts reflect half of the total by which federal incentive payments are estimated to exceed the annual \$12,340,000 cap in FFYs 2003 through 2005. These funds would partially offset estimated decreases in funding from the annual CR&D fee and interest on balances in the support collections trust fund and an expected increase in the CR&D vendor contract.

County Share of Federal Incentive Payments. The bill includes \$4,275,000 in 2003-04 and \$4,375,000 in 2004-05 for increased federal incentive payments to county child support agencies. These amounts include: (a) \$3,530,000 in each year to reflect the higher federal incentives that will be distributed to the counties under current law; and (b) \$745,000 in 2003-04 and \$845,000 in 2004-05 for the county share of federal incentive payments in excess of \$12,340,000 for FFYs 2003 through 2005.

Federal Match on County Child Support Expenditures. The bill would provide \$10,565,000 in 2003-04 and \$10,759,100 in 2004-05 to account for higher federal child support matching funds that will be distributed to counties. These funding amounts reflect the higher federal incentive payments that counties will receive and other local child support expenditures.

Federal Match on State Child Support Expenditures. The bill would reduce federal expenditure authority by \$9,621,300 in 2003-04 and \$7,059,800 in 2004-05 to reflect revised estimates of the amounts of federal matching funds that will be available for DWD's child support enforcement activities.

Joint Finance/Legislature: Modify the Governor's recommendation as follows:

a. Specify that the new provisions would first apply to incentive payments awarded to the state for federal fiscal year (FFY) 2002. The phrases "to the state" and "federal fiscal year" did not appear in the initial applicability provision, as drafted in the Governor's bill. The Joint Finance modification is intended to clarify that the new provisions would first apply to incentive payments awarded for performance in FFY 2002, rather than to amounts distributed to counties in calendar year 2002.

b. Provide \$1,000,000 GPR in 2003-04 to DWD in a newly-created, continuing appropriation for distribution to county child support agencies for reconciliation of percentage-expressed support orders, along with \$1,941,200 FED in child support matching funds. Specify that counties could only use these funds for the purpose of completing the order reconciliation process by September 30, 2004, and not to supplant current local child support enforcement expenditures. Currently, the state is earning federal incentive payments on only four of the five performance measures used by the federal government. When the former percentage-expressed support orders are reconciled to establish a reliable measure of unpaid child support in Wisconsin, the state will be able to receive incentive payments on the fifth measure (collection of support arrearages). It is estimated that, compared to the amounts assumed in the Governor's bill, additional incentive payments of \$3,400,000 would be available to the state in 2004-05 if the order reconciliation process is completed by September 30, 2004.

c. Specify that, beginning with federal incentive funds distributed during the 2004-05 state fiscal year (payments awarded to the state for performance in FFY 2003), the state would retain 70% of the amount of federal incentive payments in excess of \$12,340,000 and counties would receive 30%. Compared to the 50-50 split in the Governor's bill, the state share of excess incentive payments would be increased and the county share would be decreased, beginning in the second year of the biennium.

d. In 2004-05, provide \$2,718,000 FED in additional incentive payments to the Bureau of Child Support and reduce GPR funding in BCS by that amount. Further, provide additional incentive payments to counties of \$682,000 in 2004-05, along with \$1,323,900 in additional federal matching funds. These amounts reflect the estimated increase in incentive payments of \$3,400,000 in the second year and the revised state/county shares of excess incentives.

e. Specify that DWD must distribute all of the first \$12,340,000 in federal incentive payments each year plus all of the county share of federal incentive payments in excess of \$12,340,000 (50% in state fiscal year 2003-04 and 30% thereafter), along with the associated federal matching funds, to county child support agencies. Under current law, the \$12,340,000 amount is the maximum distribution to counties, but DWD is not required to provide this amount.

f. Decrease estimated federal matching funds available to BCS by \$1,583,900 in 2003-04 and \$2,681,600 in 2004-05 to reflect revised estimates of the amount of federal funding that will be available to the Department. Of these amounts, \$1,222,900 in 2003-04 and \$985,300 in 2004-05 are due to reallocations of GPR funding reductions to the child support program approved by the Finance Committee and \$361,000 in 2003-04 and \$1,696,300 in 2004-05 are corrections to the appropriation schedule included in the Governor's bill.

Compared to the bill, it is estimated that Items (b) through (e) would provide additional funding to counties of \$2,941,200 in 2003-04 (\$1,000,000 GPR and \$1,941,200 FED) and \$2,005,900 FED in 2004-05. There would be no net funding change for BCS, but \$2,718,000 GPR would be replaced with anticipated federal incentive revenues in 2004-05.

Item (f) would adjust the appropriation schedule to more accurately reflect the amount of federal child support matching funds that would be available to DWD under the Joint Finance version of the bill.

[Act 33 Sections: 503r, 503s, 521, 523, 1294, 1296c thru 1298, and 9459(4c)]

5. DENIAL OF ASSISTANCE UNDER CREP TO DELINQUENT CHILD SUPPORT OBLIGORS

Governor/Legislature: Prohibit the Department of Agriculture, Trade and Consumer Protection (DATCP) from making payments under the federal Conservation Reserve Enhancement Program (CREP) to any individual whose name appears on the child support lien docket, unless the individual provides to DATCP a payment agreement that: (a) has been approved by the appropriate county child support agency; and (b) is consistent with rules issued under the provisions that govern payment plans or alternative arrangements for the payment of delinquent support by obligors. Implementing this change would provide consistency with the rules that currently govern other state grant, loan, and waiver programs administered by the Departments of Military Affairs, Veterans' Affairs, Commerce, Natural Resources, and Justice, the University of Wisconsin system, the Higher Educational Aids Board, and the Wisconsin Housing and Economic Development Authority.

CREP is a federal program that allows landowners to enroll agricultural lands in specified areas in conservation easements for a 14-year minimum period (permanent easements are allowed) in exchange for yearly payments and government cost-sharing for the installation of certain conservation practices. The state contributes a match of at least 20% for the program.

Generally, CREP projects have to do with efforts to improve water quality, erosion control, and wildlife habitat.

Under state law, if an individual fails to make a support payment (court-ordered child or family support, maintenance, medical expenses of a child, or birth expenses), the amount of the delinquent support automatically becomes a lien in favor of DWD against all of the obligor's property. The lien becomes effective when the information is entered in the statewide support lien docket. The lien docket is maintained by DWD and contains the name, social security number, lien amount, and date of entry to the docket for individuals whose support delinquency exceeds a certain threshold. The threshold currently stands at \$3,500 but eventually will be reduced to \$2,000. DWD is required by statute to provide a copy of the lien docket to each county register of deeds and each county child support agency.

[Act 33 Sections: 1742 and 1743]